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CONSTITUENT ASSEMBLY OF INDIA

REPORT
OF
THE LINGUISTIC PROVINCES COMMISSION



1948

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TO

THE HON'BLE THE PRESIDENT,
CONSTITUENT ASSEMBLY OF INDIA,
NEW DELHI.

We, the Commissioners appointed for the purpose of inquiring into and reporting on the desirability or otherwise of the creation of the proposed Provinces of Andhra, Karnataka, Kerala and Maharashtra, and fixing their boundaries and assessing the financial, economic, administrative and other consequences in those Provinces and in the adjoining territories of India, beg to submit the following Report. It will be seen that our Report is unanimous and without a dissenting minute.

INTRODUCTION

2. By a notification dated June 17, 1948, we were appointed to report on the question of formation of the Provinces of Andhra, Kerala, Karnataka and Maharashtra; the financial, economic, administrative and other consequences thereof; and their approximate boundaries. The recommendation made by the Drafting Committee of the Constitution which led to our appointment, and our terms of reference are reproduced in Appendix I.

2A. Our first meeting was held on July 19, 1948, at Council House, New Delhi, when a Questionnaire was settled and issued to the public. This is reproduced in Appendix II. During the last week of August a few witnesses were examined by us in New Delhi and in the beginning of September we started on a tour lasting twenty-six days, in which a large number of witnesses were examined at Vizagapatam, Madras, Madurai, Mangalore, Calicut and Coimbatore. This was followed by another tour in the last week of October lasting over a fortnight in which also a very large number of witnesses were examined at Nagpur, Hubli, Poona and Bombay. Altogether about 1,000 written memoranda were received and the oral evidence of over 700 witnesses was recorded during the inquiry. The last meeting of the Commission, in which all the Associate members were also present for final consultation, was held in Council House, New Delhi, on November 20 and 21. This report was signed 10th December 1948.

The inquiry thus made was a highly controversial one. On all the important issues, which required consideration, there were two sides and on some more than two. Yet there was no agreed presentation of the case even if of any particular side and the individual variations in the case of each unnecessarily lengthened the work and made it perplexing. There was an additional disadvantage that the Provincial Governments, who usually furnish disinterested and independent evidence in such inquiries, being, as at present constituted, composite Governments drawn from all parties to the controversy, decided to remain neutral and did not offer their usual co-operation. Nevertheless sufficient material came before us to enable us to form a definite opinion upon the essential merits of the controversy.

TO THE RIGHT HON. J. RAMSAY MACDONALD, M.P.

SIR,

We were appointed by His Majesty's Government for the purpose explained in the following letter which you addressed to our Chairman on the 16th December, 1931 :—

“ On behalf of His Majesty's Government I have to state for the information and guidance of yourself as Chairman of the Indian States Enquiry Committee (Financial) and of your colleagues on the Committee the objects for which the Committee has been constituted and the specific issues on which it is required to report.

In my declaration of 1st December the intention of His Majesty's Government was announced to set up, among other committees recommended by the Round Table Conference, a committee to explore more fully the specific financial problems arising in connection with certain individual States. The recommendation in question will be found in paragraphs 46 and 47 of the Third Report of the Federal Structure Committee which dealt with the particular financial problems relating to the States discussed in paragraphs 17—20 and 26 of its Finance Sub-Committee's Report.

An ideal system of federal finance would be one under which all federal units would contribute on a uniform basis to the federal resources. The task of the Committee is, briefly, to determine how far and in what respects the attainment of this ideal is affected by two particular elements in the existing situation :—

(a) the ascertained existing rights of certain States, and

(b) certain contributions of a special character which many States are now making or have made in the past to the resources of the Indian Government.

The items, an examination of which by the Committee has been specifically recommended by the Round Table Conference, are, under (a)—

varying measures of privilege or immunity enjoyed by certain States in respect of external Customs and Salt ;

and, under (b)—

(1) cash contributions ;

(2) value of ceded territories.

The issues on which the Committee are required to report are accordingly as follows :—

(1) to review the origin and purpose of all cash contributions with a view to advising whether they should be immediately reduced or eventually extinguished in the

manner contemplated in paragraph 18 of the Report of the Federal Finance Sub-Committee or must be regarded as outside the scope of that recommendation as being for special and local purposes or by way of payment for material assets, such as land, still in the possession of the contributing States ;

(2) In regard to territories ceded* by certain States to the British Government in return for specific military guarantees :

(a) to compile a list of such territories ;

(b) having regard both to the circumstances of the original cession and to the financial and other conditions now obtaining, to express an opinion as to whether any financial adjustment should be made in favour of the State concerned as a part of the terms of its federation ;

and if so, to make specific recommendations ;

(3) in regard to the varying measures of privilege or immunity in respect of Customs and Salt enjoyed by certain States :

(a) to investigate the position in each State with a view to determining the value of the ascertained existing rights in question ;

(b) to express an opinion as to what compensation it would be worth while for the Federal Government to offer in return for the relinquishment of the special privileges which each State now enjoys or such modification thereof as may appear to the Committee to be an essential preliminary to Federation. In framing such terms it would be open to the Committee to make allowance for any contributions of special value which the States in question might have made, or be making to the resources of the Indian Government.

In the fulfilment of their task the Committee may find some existing facts in the financial or contractual relations between the States and the British Government in India, which are not specifically mentioned in their terms of reference, but which have so close a bearing upon the matters remitted to them that they cannot, in the Committee's view be disregarded. It will be open to the Committee to take such facts into account in formulating their recommendations."

Having completed our enquiry into the questions referred to us we now have the honour to submit our Report for the consideration of His Majesty's Government.

*This term does not include the leased territory of Berar.

CHAPTER I.—INTRODUCTION

Field of Enquiry.

1. The field of enquiry defined in our Terms of Reference comprised the examination of the specific financial problems arising in connection with certain States in the light of recommendations in the Third Report of the Federal Structure Committee and in paragraphs 16—20 of the Report of its Finance Sub-Committee, which will be found reproduced for convenience of reference in Appendix I to this Report. In view of the extent and diversity of the field that had to be covered, it appeared to us from the outset that we could not adequately appreciate the points of view of the various Indian States unless we had visited as many as possible of the more important of them and had had personal discussion with the Rulers or Ministers of others at convenient centres. The extent of our tour had, however, to be determined by the time available, for we had reason to believe that the submission of our Report was desired at the earliest possible date.

2. The Indian States have been described in general terms in Chapter IX of the Report of the Indian Statutory Commission, 1930, and are there classified into 215 States and 327 Estates, Jagirs and others*. These two categories represent together, according to the provisional figures of the Census of 1931, a total population (excluding Burma) of 81,310,845†. It is obvious that we could only select a limited number of these States to visit, and we had to consider the most convenient method of arrangement of our tour in order to economise time and expense of travelling by rail and road. Thanks to the prompt and generous hospitality which we received from the States, great and small, and to the facilities of travel by rail and road which the States which we decided to visit placed at our disposal, we were able to carry out, in as economical a manner as the circumstances permitted, a very wide survey of the areas in which our investigation lay. Our journeys in India and along the coast comprised 8,476 miles by railway, 1,704 miles by road and 411 miles by sea.

States visited, or with whom discussions were held.

3. Landing in Bombay on the 29th January, the Committee, in whole or in part, visited personally the places indicated in the map which is shown as the frontispiece to this volume, including, in the

*This classification is adopted from the Report of the Indian States Committee, 1928-9, presided over by Sir Harcourt Butler, and groups States in accordance with their representation, direct or indirect, in the Chamber of Princes.

†In 1921 the population of the Estates, Jagirs, etc., amounted to 801,674.

order of our journey, Hyderabad, Mysore, Cochin, Travancore (with the ports of Alleppey and Quilon), Kolhapur, Sangli, Baroda, Jamnagar, Cutch ; the ports of Verawal and Mangrol in Junagadh, Porbandar, Okha (Baroda), Bedi (Nawanagar), Mandvi and Kandla (Cutch), Navlakhi (Morvi) and Bhavnagar ; Ratlam, Indore, Bhopal, Narsingarh, Dhar, Datia and Rewa in Central India, as well as Gwalior ; Udaipur, Kotah, Jaipur, Jodhpur, Bikaner and Dholpur in Rajputana ; Kapurthala in the Punjab States Agency and Tehri-Garhwal in the United Provinces. We also conducted discussions in Sangli, Bombay, Rajkot, Indore, Bhopal, Ajmer, Delhi, Simla and Sukkur with other Rulers and Ministers of States which we had been unable to visit in person, and with representatives of the Governments of India and of Bombay.

4. The number of States with whose Rulers or Ministers discussions have taken place is 88, and there have been several meetings with deputations representing whole classes of smaller States, such as the Simla Hill States and the lesser States in the Bombay Presidency and Kathiawar ; while, in addition to meeting in Delhi certain Rulers and representatives of States in Bihar and Orissa and the Central Provinces, we discussed the questions affecting these States with Mr. A. C. Lothian, of the Indian Political Department, who had recently carried out an extensive enquiry into their status and conditions.

Memoranda received from States.

5. Owing to the short time at our disposal before sailing for India and to the clear terms of our instructions, we decided not to issue a questionnaire to the States in advance of our arrival, but we asked to be supplied with memoranda dealing with the subjects committed to our investigation as they affected each State individually.

6. On arrival in India we found that it would be of assistance to the Darbars to receive some more precise indication of the questions with which their representations should deal. We accordingly issued, for distribution through the political authorities to the States concerned, the memorandum of which a copy is reproduced as Appendix II to this Report. The representations which we received from individual States in response to our request numbered 205. Had it not been for the material we thus received, we should have been unable to elicit the information essential for the completion of our enquiry. We have also to thank the Government of India and its officers at headquarters and in political Agencies under its control, as well as the local Governments and their officers through whom relations are conducted with certain of the States, for the supply of valuable material and for personal hospitality.

Method of work adopted by Committee.

7. The method which from the outset we decided to adopt at our meetings with the Rulers and Ministers of the States was one of

informal conference; no formal evidence was taken, and no verbatim records were made of our discussions, but we made it a practice to obtain the general concurrence of the Darbars in the notes which we preserved of these proceedings and in the communications made from time to time to the Press regarding the subjects which at each centre had been under discussion.

8. For convenience of handling the various subjects committed to our investigation, the Committee was divided into two main Sub-Committees, under the Chairmanship of Lord Hastings and Major-General Sir Robert Hutchison respectively, which dealt, on the one side, with the varying measures of economic privilege or immunity enjoyed by the States, and, on the other, with cash contributions and ceded territories. Where these matters required separate discussion the Sub-Committees met the Ministers of the States in separate conferences, but as a rule the proceedings in each State were begun and ended with general meetings in which the whole of the Committee took part.

9. For reasons of time it was found necessary to divide the Committee into two independent sections for the purpose of visiting the more important States of Rajputana and Central India, the first under the Chairman, the second under Sir Robert Hutchison, and at an earlier stage of the tour Lord Hastings and some of the Committee made a personal inspection of the ports of Cochin and Travancore and the backwaters connecting them and also of the ports of Kathiawar and Cutch.

Official Publications utilised.

10. Of the various official publications which have been of special utility to the Committee, apart from the proceedings of the Indian Round Table Conference, we would mention the Report of the Indian States Committee 1928-29*, under the Chairmanship of Sir Harcourt Butler, the Report of the Special Committee appointed by the Government of India to investigate certain facts relevant to the economic and financial relations between British India and Indian States†, of which the first portion appeared in 1930, and, especially, the Supplementary Report issued in 1932 by certain members of the Special Committee, dealing with Ceded Territories, to which reference will be made later in our Report.

Questions raised outside Terms of Reference.

11. The memoranda received from individual States, to which we have already expressed our great indebtedness, in numerous cases raised issues which we were unable to regard as falling within

* Published by H. M. Stationery Office. Cmd. 3302 of 1929.

† Published by Government of India. Obtainable from Office of High Commissioner for India, India House, Aldwych, W.C.2.

our Terms of Reference. The Butler Committee's Report had recommended the constitution of an expert body to enquire further into certain aspects of the financial and economic relations between British India and the States, and the instructions to the Special Committee when constituted in 1930 (before the Indian Round Table Conference) had enjoined them to collect facts and statistics for determining the value of any direct or indirect contributions made by the Indian States as a whole to all-India resources and to assess collectively their proportion of contribution to all-India burdens. In these circumstances many States not unnaturally assumed that our Committee was the expert body charged to investigate individual economic grievances and that the information collected by the Special Committee would be, to a large extent, the basis of our investigation. Our Terms of Reference were, however, strictly limited, and were based on the assumption of federation between individual States or groups of States with provinces of British India which had emerged from the discussions at the Indian Round Table Conference. We were thus unable to take into account many of the claims put forward or to utilise all the material collected by the Special Committee. Our Chairman has brought this matter to the notice of the Secretary of State.

Division of Subject-matter of Report.

12. The arrangement of the succeeding Chapters of our Report may be briefly explained as follows :—

Chapter II gives a short historical survey of the circumstances in which the States came into relations with the British Government, with special reference to the financial questions which we are required to investigate.

Chapter III reviews the cash contributions at present made by the States to the British Government, of which classified lists and a summary are given in Appendices III and IV.

Chapter IV discusses the question of ceded territories and the value to be attached to them.

Chapter V deals with those miscellaneous contributions from the States which, though not specifically referred to us, we were permitted to take into account under the final paragraph of our Terms of Reference.

Chapter VI surveys the immunities which certain States enjoy in regard to the incidence of the Indian salt tax, of which the details and valuation are given in Appendix V.

Chapter VII contains a similar survey of problems which arise in connexion with Indian Sea Customs.

Chapter VIII deals with miscellaneous immunities or privileges enjoyed by certain States, which are brought under our Terms of Reference in the same way as miscellaneous contributions.

Chapter IX states the principles which we recommend should be applied in effecting adjustments with the States individually and our estimate of the effect of our recommendations on the federal budget.

Statistical Information.

13. In the course of our investigation we have had to deal with numerous statistical details derived from many sources, and the very nature of our task and the limited time at our disposal have made it impossible in many cases to verify the absolute correctness of the figures which we have had to use. We are conscious, moreover, of having been unable completely to exhaust the field of enquiry into individual contributions and immunities. Our main authority throughout has been the collection of Treaties, Engagements and Sanads with the Indian States published by the Government of India under the short title "Aitchison's Treaties", the 1909 issue of which is being gradually replaced by a new edition which began to appear in 1929; but we have found that even the record in Aitchison's Treaties of payments made by the States, or of immunities which they enjoy, is by no means complete. Thus we must emphasize that the facts and figures set out in our Report and its Appendices, though as accurate as we have been able to make them, should not be taken as complete or infallible records of the details of the matters which we were required to examine. Our recommendations indicate the principles on which we consider that the individual settlements with the States should be made, and we have applied them as far as our time and the available material permitted. We believe that our figures and calculations are in the main correct, but we must ask indulgence for any omissions or errors which may be detected, having regard to the divers authorities from which we have derived our information, the wide field which our investigations cover, and the very restricted time available for completing our Report.

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CHAPTER II.—HISTORICAL SURVEY.

The Dynasties of India.

14. India has seen the birth and extinction of innumerable dynasties. From the earliest recorded times there have been empires, kingdoms and principalities, some rising and falling with meteoric splendour and rapidity, others persisting with varying fortunes through the centuries and ruled to this day by the heirs of what are perhaps the oldest aristocracies in the world.

15. Only thrice throughout those many centuries has a single power achieved paramountcy over all India. The first was the Maurya dynasty, of which the most famous name is that of the Buddhist Emperor Asoka, whose beneficent rule was universally acknowledged for a brief period in the third century B.C. The second was the great dynasty of the Moghuls, Muslim invaders from the north, whose empire was founded by Baber in the 16th century, rose to its zenith under Akbar (1556—1605), and declined, as rapidly as it had arisen, after the death of Aurungzeb in 1707.

16. The third is the British Raj. When the status of the East India Company began to change in the middle of the 18th Century from that of a trading concern, with which it had been satisfied since the time of Queen Elizabeth, by the gradual assumption of the responsibilities of a political power, the Moghul empire was fast crumbling to decay. Within the next hundred years, after a period of constant turmoil and warfare, the map of India was redrawn as we see it to-day. The Great Moghul had passed away and India was again unified, but under a new paramountcy.

17. The substitution of a British for a Moghul suzerain did not, however, involve the disappearance of the indigenous principalities. On the contrary, the rise of British power brought with it a new stability to many of India's most ancient dynasties and rescued, or at least ensured the survival of, others which without its aid would certainly have foundered during that century of storm. Some there were which disappeared after challenging unsuccessfully the British power, others through their own inherent weakness and corruption, others again through the failure of natural heirs, and the application of the doctrine of lapse, which is associated with the name of Lord Dalhousie. But after the Mutiny of 1857 this latter policy was openly abandoned and the Princes received from Queen Victoria solemn assurances that their dynasties would be perpetuated.

18. To-day India numbers within her borders nearly a hundred Princes entitled to the appellation of "Highness" and a far larger company of Rulers who, though not honoured with that title, possess and exercise many of the main attributes of sovereignty. It is by no means to be supposed that all Indian States possess an equal measure of internal autonomy. On the contrary while some preserve almost intact their sovereignty outside the sphere of external affairs, others, in varying degrees, are required to accept

advice or even administrative control from the agents of the Paramount Power. But in the territories of all these Princes and Rulers covering an area of 600,000 square miles or more than one-third of the Indian continent, and containing 81,000,000 people, approximately one-fourth of its inhabitants, the laws of British India are not in force and the writs of the King-Emperor's Courts do not run.

19. A glance at the map which illustrates our tour will show more clearly than any written description the varying sizes and geographical distribution of these territories. In the extreme north is the great State of Jammu and Kashmir. Below it are seen the Sikh States of the Punjab and the small States founded long ago in the Himalayas by adventurers from Rajputana, that "teeming womb of Kings." Further to the west are the wide domains of the Muslim Princes of Bahawalpur and Khairpur. The western coast comprises the isolated territory of the Maharao of Cutch and the remarkable peninsula of Kathiawar, a miniature continent including nearly 200 States, Estates and Jagirs, of which at least a dozen are of considerable importance. Close to the same coast and interlaced with districts of British India are the scattered territories of the Gaekwar of Baroda, and a number of smaller States, many of which, like the States of the Kathiawar, owe tributary obligations to that Ruler. In the eastern portion of the map States are few and far between, except for the conglomeration of ancient principalities which occupies so large a part of the area known as Orissa. There are great States in the South :—Hyderabad, the premier State in India, as large as Great Britain and with a population of nearly 14½ millions ; Mysore with its chequered history and remarkable natural resources ; and the rich tropical States of Travancore and Cochin. But it is in the centre of India that princely rule is found most widely established. Within the Rajputana and Central India Agencies are the oldest domains of the Rajput clans, the heads of which claim descent from the Sun and the Moon and still follow in their ancient capitals the traditions of Indian kingship. Here too are mainly established the surviving fragments of the Mahratta Empire, which in its prime took so heavy a toll from the Rajput Princes and contended with the Honourable Company for the paramountcy of India.

20. Into the history of those great events it is impossible for us to enter at any length ; but to show how the Indian States came into relation with the East India Company, and the origins of their present relationship to the King Emperor, we must survey very briefly a few of the major events in the 18th and the first half of the 19th centuries and refer to some developments which followed upon the transfer of the Company's responsibilities to the Crown after the Mutiny of 1857.

Decay of the Moghul Empire and rise of the Mahrattas.

21. Aurungzeb, the last of the great Moghul Emperors, left on his death in 1707 no successor capable of maintaining the inheritance. But there were already in existence powerful elements

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destined in differing degrees and for varying periods to fill the empty places and encroach upon the Imperial domains. For our purposes the most important are the English and French East India Companies, the Mahrattas, the Nepalese, the Sikhs, and the usurpers of the ancient Hindu Kingdom of Mysore—Haidar Ali and his better known son, Tipu Sultan. Mention must also be made of Asaf Jah, founder of the Hyderabad dynasty, who was appointed Viceroy of the Moghul Emperors in the Deccan in 1713, but soon achieved independence of Delhi and became the first Nizam.

22. Meanwhile the star of the Mahrattas was ascendant in the west. Their empire owed its origin to Shivaji, a princely adventurer who, before his death in 1680, had achieved fame by defying the Moghul Empire in its prime and is to this day venerated by Hindus as a national hero. His line is represented to-day by the Ruler of Kolhapur. Shivaji's successors were overshadowed by their hereditary prime ministers, who bore the title of Peshwa. The Peshwas in fact became the real heads of the Mahratta Confederacy, their dynasty lasting from 1714 to 1818. Associated with them from the early days of their ascendancy were four great military leaders known as Scindia, Holkar, the Bhonsla Raja and the Gaekwar. These, with the Peshwa, acquired vast territories in almost every part of India, except Bengal and the extreme north and south, and levied tribute on almost all the ancient principalities. The dynasties founded by three of them (Scindia, Holkar and the Gaekwar) survive today in the great States of Gwalior, Indore and Baroda. The Peshwa and the Bhonsla Raja, being unable to resign themselves to a position of subordination, disappeared long ago from the scene of Indian history.

Origins of cash contributions and ceded territories.

23. Hyderabad provided the stage where the various candidates for the succession to the Moghuls came into touch and conflict. The French, the English and the Mahrattas all played a part in supporting various claimants to the throne of Asaf Jah, and it was the French who first devised in 1751 the plan of guaranteeing protection to an Indian Ruler by providing a "subsidiary" force, the maintenance of which was financed by cash contributions or the cession or assignment of specified territories. European military science and discipline were the dominant factors in evolving order out of the chaos of the times. Thus it came about that, as one State after another entered the British system of alliances, they were required to contribute money or to cede territory for the maintenance of troops officered and disciplined by the Company's military establishment, and it was largely through the instrumentality of these forces that turbulence and anarchy gave place to peace and order, and that India was eventually unified under the British Crown. Many of these financial and territorial agreements are still in force, and their liquidation for the purpose of making way for a system more in keeping with the federal ideal constitutes a complicated problem which will receive detailed attention in our Chapters on "Cash Contributions" and "Ceded Territories."

Extension of British influence by the Marquess Wellesley.

24. By 1761 the prospect of French domination in India, at one time a not unlikely issue of events, was at an end, but it was not until 1798 that the Nizam finally disbanded his French mercenaries. In the meanwhile there had been a bewildering series of alliances and counter-alliances. The Nizam invaded the Carnatic districts of Madras in conjunction with Haidar Ali of Mysore, while later he was allied with the English and the Peshwa against Haidar's successor, Tipu Sultan, and participated in the division of the territories surrendered by the latter in 1790. He also co-operated in the second war against Tipu in 1799 and was again rewarded with a share of the spoils. It was on this occasion, after the death of Tipu at the storming of his capital of Seringapatam, that the Marquess Wellesley restored the ancient Hindu dynasty which now rules in Mysore. During the next few years that great Governor-General was busily employed in dealing with the Mahrattas who had become weakened by internecine warfare. The Peshwa, who had been defeated by Holkar, accepted a British subsidiary force in 1802. A similar agreement was concluded with the Gaekwar who, alone among the great Mahratta military powers, never took the field against the Company. With Holkar, Scindia and the Bhonsla Raja matters were not so easily settled. Their attitude at this time was such as to necessitate a declaration of war and, by the treaties which followed their defeat in the field, Scindia lost much territory and agreed to protection by means of a subsidiary force, while Holkar was forced to surrender a large part of his territory. It was not however until 1818, after the defeat at Mandesaur of his army, which had risen in rebellion against the then Regent and attacked the British, that Holkar's claims to tribute from the great Rajput States were renounced and that a British force was permanently located in the vicinity of his capital. The Bhonsla Raja by the treaty of 1803 lost much of his territory as well as his tributary and feudatory rights over the States of Orissa. His successor persisted in hostility to the Company's Government, but the dynasty, with its sway over numerous feudatory States, continued until 1853, when, owing to a failure of heirs, it became extinct, and by the application of the doctrine of lapse its territories fell to the Company.

Attempt to repudiate the responsibilities of Paramountcy.

25. By the time of his premature recall in 1805, Lord Wellesley had done much towards the accomplishment of his declared design "to unite the principal native States in the bond of peace under the protection of the British power" by "establishing a comprehensive system of alliance and political relation over every region of Hindustan and the Deccan." His recall was due to the fact that this policy was cordially disapproved in London, and during the next few years the East India Company made a determined effort to evade and disclaim the responsibilities of Paramountcy. Local events and conditions in some instances proved too strong for the policy of evasion of responsibility and in certain areas necessity demanded action on the lines laid down by Lord Wellesley. It was thus that the

pacification and settlement of Kathiawar began, although it was not concluded until 1820, and relations were established with the Princes and Chiefs of Bundelkhand in Central India. Similarly, in 1808, an internal rebellion in Travancore led to the firmer establishment of British influence over that State, which had already received a subsidiary force by a treaty of 1795. But in Rajputana and Central India the new policy imposed from England was one of renouncing the maintenance and extension of British influence for the sake of a peace that was no peace. Alliances which had been concluded with certain Rajput States were repudiated, and the country was abandoned to the exactions of the Mahrattas and the rapacity of Pindaris and Mussalman freebooters who were content to plunder wherever they could find an opening and to lend their swords to any Chief who would provide pay and booty. The Pindaris were mounted robbers who have been described as "men of all lands and all religions brought together out of the corruption of weak and expiring States, less by despair than by deeming the life of a plunderer, in the actual state of India, as one of small hazard but great indulgence." When the Marquess of Hastings succeeded Lord Minto as Governor-General in 1813 a state of anarchy prevailed, and few if any, of the States of Rajputana and Central India were capable of carrying on even the elementary functions of Government. "Expression might be racked," wrote Colonel Tod after peace and order had been restored, "for phrases which could adequately delineate the miseries all classes had endured."

Eventual consolidation of British Paramountcy.

26. The Marquess of Hastings saw at once that it was impossible to delay any longer the completion of Lord Wellesley's policy. There followed the Pindari War and the third Mahratta War which brought about the comprehensive settlement of Central India and Rajputana, the final disappearance of the Peshwa, the defeat of Holkar and the Bhonsla Raja, the surrender of much of their territory, and an important new treaty with Scindia. The purpose of the numerous treaties made at this time with the States of Rajputana and Central India was to give to all of them peace and stability in return for their "subordinate co-operation" with the Paramount Power. The political domination of the Mahratta States over the ancient Rajput principalities was thus brought to an end. Emblems of it remain, however, to this day in the inter-State tributes for the collection of which responsibility was assumed by the British Government, since it was a cardinal feature of the Governor-General's policy that States should be isolated from each other, their foreign relations being retained entirely in the hands of the Paramount Power.

27. A similar process of pacification and rescue from anarchy and oppression had also taken place on the northern frontier as a consequence of the incursions of the Nepalese. On the conclusion of the Nepal war in 1816 numerous small States which had been over-run by the Gurkhas were resuscitated and brought within the sphere of British Paramountcy. In fact, by 1818 no State in India, with the exception of the Sikh principality established by the great Ranjit Singh in the Punjab, could claim independence. The

Sikhs had not been free from the incursions of the Mahrattas and had been forced to pay tribute in 1802, but when Mahratta power in Upper India was broken by the British, Ranjit Singh reigned undisturbed, though sternly prevented from extending his conquests south of the river Sutlej. It was not until after his death in 1839 that the Sikhs defied this prohibition and embarked on an aggressive policy. In the first Sikh War (1845-46) they lost a large portion of their territory, part of which was made over to the Raja of Jammu, thus constituting the important modern State of Jammu and Kashmir. The second Sikh War (1848-49) extinguished the dynasty of Ranjit Singh and transferred to British suzerainty all the States of the Punjab.

28. Within a few years there occurred the Mutiny of 1857, when the success of British arms, with the loyal co-operation of numerous Indian Rulers, effected the consummation of all for which Lord Wellesley and Lord Hastings had striven. "The Crown of England", wrote Lord Canning, "stands forth the unquestioned ruler and paramount power in all India is for the first time brought face to face with its feudatories. There is a reality in the suzerainty of England which has never existed before and which is not only felt but eagerly acknowledged by the Chiefs."

Subsequent economic developments.

29. In the years which followed the Mutiny this new unity of India under the Crown began to assume an economic as well as a political complexion. Enjoying the blessings of peace after centuries of warfare and dissensions, of the last stage of which so vivid and harrowing a picture is given by contemporary writers such as Malcolm, Tod and Sleeman, India rapidly progressed and developed. When the co-operation of the States was required in the interests of all India it was freely and ungrudgingly given. They made free grants of land for the development of India's great railway system, which in 1858 comprised but a few hundred miles, and now extends to over forty thousand. Over these lands they ceded civil and criminal jurisdiction in order that the development of trade and communication might not be hampered by a multiplicity of authorities. Co-operation was also forthcoming for the construction of roads and irrigation canals. Many of the States which possessed local currencies and postal systems agreed to abolish them so that their subjects might participate fully in the benefits arising from a central administration of these great public services. Similar progress was made in the removal of the barriers imposed on trade by a multiplicity of fiscal systems. Practically every State in India had from time immemorial levied transit duties on goods passing through its territories. The growth of the railway system was inimical to this form of taxation and the Princes of India, realizing its incompatibility with modern conditions, agreed to its extinction. Some Rulers further agreed to abolish export and import duties, though the majority of Indian States still depend largely on revenues from this source.

30. Steps were also taken between 1863-66 to advance the freedom of India's coastal trade. Previously the ports of all Indian States

had been treated for customs purposes as foreign, and goods arriving therefrom at Bombay or any other British Indian harbour for shipment to Europe had been subjected to import duties, exports from British India being similarly taxed by the States. Arrangements to remove these impediments to trade were made in 1865-66 with certain of the maritime States. In subsequent years this process was further continued until the British Indian sea customs tariff has been adopted by every maritime State in India with the solitary exception of Cutch. Another development of great importance was the series of salt agreements concluded during the Viceroyalty of Lord Lytton (1876-1880) with numerous States in Rajputana and in Central and Western India. Most of the great salt sources of India are situated in Indian States, and it was essential to secure their co-operation in order to arrange a diminution in the cost of production and transport as well as a more up-to-date and businesslike system for the collection of the salt tax, which has always been one of the mainstays of Indian finance. In these arrangements the co-operation of the States was forthcoming on terms which, though occasionally resented as doing less than justice to individual interests, have proved to be of material benefit to India as a whole.

31. It will be apparent from the above that the States are closely identified with numerous branches of all-India activity, and that this process had already gone far even before the emergence of the federal ideal. To a great extent indeed Railways, Currency and Coinage, Posts and Telegraphs and Salt are already "federal subjects." The all-India services of public utility function in the States as well as in British India, and taxation through sea customs and the salt tax is largely of all-India incidence. Every State co-operates fully in measures considered necessary for the defence and tranquillity of the country, and many maintain troops intended for the reinforcement of His Majesty's Army in times of emergency.

Need for association of the States with determination of policy.

32. But in one vital respect present arrangements fall far short of the ideal. It has already been shown how in 1818 the States, accepting British suzerainty, came to occupy a position of subordinate isolation. Later in the nineteenth century India attained a higher degree of unity under the Paramountcy of the Crown, but the States remain without means of guiding or even of effectively influencing policy at the headquarters of Government in regard to many matters in which they have a very direct and material interest. In recent years, when a measure of autonomy has been vouchsafed to British India, it has become less easy for the Crown to discharge its responsibilities as trustee for all the conflicting interests under its suzerainty or rule, and it would be rash to affirm that the point of view of the States equally with that of British India has always been in the minds of those who have shaped India's economic policy. It is in our view inevitable that, in the process of transferring further responsibility in such matters to Indian hands, provision should be made for the due participation of the States.

CHAPTER III.

CASH CONTRIBUTIONS.

Introductory.

33. In the preceding Chapter some account has been given of the events which brought the East India Company into political relations with the Indian States and led to the establishment of the British as the dominant power in India. The fall of the Moghul Empire and the break-up of the Mahratta Confederacy left the Company in a position of undisputed supremacy in the centre and south of India. The Gurkha, Sind and Sikh wars extended their authority and consolidated their position in the north and north-west. These and earlier wars and the diplomatic happenings which led to or followed on them resulted in very diverse relations with the Rulers of the States involved. Policy, too, changed from time to time, moving from the earlier phase of "non-intervention" in State affairs to that of "subordinate isolation" and "subordinate co-operation" and, later, to "union and co-operation" with the Paramount Power.

34. In the historical and treaty relations of the States with the British must be sought the origin of the cash contributions with which this Chapter is concerned. It must be premised that its scope is limited to that type of cash contribution commonly, though not now officially, known as tribute, a term of which the use on occasions will make for brevity and, indeed, is inevitable in the present connexion. We refer in Chapter V to certain other payments by the States which cannot be classed as tribute.

35. While the first extant treaty with an Indian State dates from 1730, and treaty relations therefore extend over a period of more than two centuries, tributary relations and cash contributions had a later beginning, but nevertheless have a history of over 150 years. In the early days of the East India Company reciprocal alliances, necessary for trade protection, were all that were aimed at, or permitted by, the policy of the Board of Directors and the British Government. With the later developments of the protection and the subordination of States came the system of tributes and of ceded territories, the latter being discussed in Chapter IV of this Report.

36. We have been directed to review the origin and purpose of all cash contributions. There is, however, one preliminary matter on which we think it right to say few words. Before the Butler Committee the States demanded that without their own agreement the rights and obligations of the Paramount Power should not be assigned to persons who are not under its control, as, for instance, an Indian Government in British India responsible to an Indian Legislature; and the Committee in the final paragraph of their

Report held "that the treaties, engagements and sanads have been made with the Crown, and that the relationship between the Paramount Power and the Princes should not be transferred, without the agreement of the latter, to a new Government in British India responsible to an Indian Legislature."

37. We accept and adopt the principle embodied in this statement, which, indeed, is implicit in the declaration made by the Prime Minister on the 19th January, 1931, at the concluding session of the first Round Table Conference. It appears to us that the principle applies equally to the case of a Federal Government as to that of a responsible British Indian Government, and it follows that the tributes with which we are now concerned will, even after Federation, continue to be payable to the Paramount Power unless the Rulers who are under an obligation to pay them otherwise agree, and that the right to receive them will not pass as of course to the Federal Government. They are not, therefore, as they seem to have been treated by the Federal Finance Sub-Committee (*see* Appendix I, paras. 16—18), *in pari materia* with the contributions of British Indian provinces, though we do not for a moment suggest that the Paramount Power is not entitled to place them at the disposal of the Federal Government or to deal with them as it may think fit.

38. Nor have we any reason to suppose that the States themselves, if the Paramount Power in fact placed these contributions at the disposal of the Federal Government, would regard this as implying that the Paramount Power had assigned to another authority any of the rights and obligations which it exercises or has undertaken to fulfil in relation to the Indian States.

39. It was proposed by the Federal Finance Sub-Committee that the exceptional contributions (as distinguished from contributions common to all units of the Federation alike, such as the proceeds of indirect taxation levied by the Federal Government), which the provinces of British India must for some time inevitably continue to make to the federal revenues, should take the form of a surrender of a part of the proceeds of income tax collected on their behalf by the federal authorities. A contribution in the form of a part of income tax receipts is obviously very different from a contribution made, as the tributes are, not in virtue of a taxing act passed by the representatives of the people to be taxed, but in virtue of agreements or treaties made between the tribute-paying States and the Paramount Power. On the other hand, the tributes are the only cash contributions which, though indirectly, the States will be making in aid of federal revenues, and, in spite of the essential difference between this contribution and that of the provinces, it is not unreasonable, so long as the difference is clearly borne in mind, to regard the one as *pro tanto* counterbalancing the other, or to look forward to the extinction or reduction of the one *pari passu* with the extinction or reduction of the other. Certain analogous questions which arise in connexion with ceded territories are discussed in Chapter IV.

Classification of cash contributions.

40. Cash contributions falling within the scope of this Chapter have been dealt with individually in Appendix III to our Report, where each such contribution has been classified and brief particulars of its history and origin have been given. In the task of tabulation we have been assisted by the list given in Table XV appended to the first report of the Special Committee referred to in Chapter II. The numbers of the contributions and their varied origin have necessarily made the statement in the Appendix a lengthy one, and it must suffice here to give some general account of their main classes with examples of each, and to state and explain the principles which we have applied in arriving at our conclusions regarding them.

41. The contributions fall into two categories, the first comprising all tributes imposed or negotiated directly by British authority, the second, those transferred by or inherited from previous suzerain powers or overlords.

42. Of the first category five main classes, which are detailed below, can be distinguished.

(1) Contributions in acknowledgment of suzerainty, very commonly imposed by treaties embodying an obligation to aid or protect on the one side and to give subordinate co-operation on the other.

(2) Contributions in commutation of obligations for the provision of a State "contingent force" or other form of military assistance.

(3) Contributions for the maintenance of a British "subsidiary force."

(4) Contributions fixed on the creation or restoration of a State or on a regrant or increase of territory (including annual payments for grants of land on perpetual tenure and for equalization of the value of exchanged territories).

(5) Contributions for special or local purposes such as the maintenance of local corps, police, etc.

43. Of the second category, viz., those transferred by or inherited from previous suzerain powers or overlords, it seems only necessary to distinguish two classes :—

(6) Contributions acquired by the conquest or lapse of the original recipient State ;

(7) Contributions acquired by treaty.

44. It will be evident from the details given in Appendix III that the seven classes defined above are not mutually exclusive, and that many of the tributes cannot be ascribed to one origin or purpose only. Subordination or acknowledgment of suzerainty, restoration or grant of territory and guarantees of protection or the provision

of specific forces are often combined in varying permutations, and it is in a number of cases impossible to assign the origin of tribute to any one factor or to resolve into its elements a payment arising from several joint factors. Fortunately, however, these considerations raise little practical difficulty in the discharge of the task entrusted to us. In what follows we attempt to describe and illustrate these classes more fully, indicating each by the number assigned to it above.

Tributes directly imposed or negotiated (Appendix III, Schedule A).

45. Class (1) comprises the simplest and most typical form of tribute, that is to say, tributes fixed as a recognition of British suzerainty and of the acceptance by the State of the obligation of subordinate co-operation; sometimes, also, as a contribution towards the cost of protection assured in terms or implied. The treaties of 1818 with the Rajputana States of Jaipur and Udaipur furnish illustrations of this class of contribution. By these treaties protection was guaranteed to the States in question, and they, on their side, acknowledged the supremacy of the British Government and agreed to act in subordinate co-operation with, and to pay tribute to, that Government.

46. An outstanding case is that of the important State of Mysore. Three wars with the aggressive and formidable Sultans, Haidar Ali and Tipu, who had usurped the powers of the original Hindu dynasty, ended in the complete defeat and the death of Tipu in 1799. The original dynasty was restored, and the State re-constituted after its conquest; and a subsidiary force was established for the defence and security of the Maharaja's dominions. In consideration of this protection he agreed to pay to the East India Company a subsidy of the value of Rs. 24½ lakhs a year. By the Instrument of Transfer of 1881, restoring the management of the State to the then representative of the dynasty, the British Government undertook to defend and protect his territories, the Maharaja, on the other hand, promising allegiance and subordination to the Crown. In many other cases the arrangements only amounted to the transfer of liabilities, previously admitted or established, towards former overlords, e.g., the Peshwa or the Bhonsla Raja of Nagpur. Contributions with this origin, though of the nature of those included in the present class, fall properly within the category of acquired tributes, which have been separately tabulated under classes (6) and (7).

47. Class (2) comprises those cases in which an obligation to supply troops for the common defence or in support of an alliance between the State and the British Government has been commuted for cash. The State of Bhopal furnishes a good example of this type of case. This State, by a treaty of 1818, was guaranteed protection and undertook to provide a contingent of 600 horse and 400 foot, a liability which, in 1849, was commuted for an annual payment of Rs. 1,61,290, the present cash contribution of the State. Indore (whose contribution was capitalised in 1865), Jaora and Dewas Senior and Junior furnish instances of contributions similar in origin.

48. Class (3) is related to the second in that the tributes which it comprises also had a military origin ; but in these cases the tribute was fixed to cover the cost of a "subsidiary force" maintained for the protection of the State by the British Government. Travancore, Cochin and Gwalior supply instances of such payments for the maintenance of subsidiary forces. (In the case of Gwalior the payment is made, not from the resources of the territories ruled over by Scindia, but by an assignment of tributes due to this Ruler from States in various parts of Central India and dating from the days of Mahratta supremacy. These contributions will therefore be found in the class of those acquired by treaty from another power.)

49. Class (4) comprises cases where cash contributions are paid by States which have been created, restored or enlarged by the British Government. One of the earliest cases is that of Cooch-Behar, whose Raja agreed in 1774, as the price of delivery from Bhutan, to pay half the annual revenues of his State for ever to the British Government. This obligation was commuted in 1780 for a fixed annual payment of Rs. 67,700, the amount of the present contribution. Benares affords a modern instance. On its creation, or rather re-establishment, in 1911 the State undertook to pay a cash contribution calculated on the basis of the loss of revenue involved in making over the sovereignty of the territory to the Maharaja. The tributes of the Simla Hill States date in general from 1815, when these States were rescued from the Gurkhas and re-established at the end of the Gurkha War. In ten out of fourteen cases the tributes are fixed as commutation of liabilities for the supply of *begar*, i.e., carriers to be provided by the State for military transport.

50. There are also a considerable number of cases in which States pay tribute in respect of certain portions of their territory, originating in the fact that their title to the districts in question was in some doubt or was asserted only by means of British support. Ajaigarh in the Central India Agency, for example, pays an annual tribute of Rs. 7,014 for two districts granted to the State after its restoration in 1803. The cases of Charkhari and Panna are almost identical with that of Ajaigarh, while Bihat affords an instance of a payment where a title was in doubt. Bhavnagar, in Kathiawar, makes a payment of Rs. 52,000, fixed in 1860, for certain villages in which that State had been tacitly allowed to exercise sovereign rights after their cession by the Peshwa to the British Government in 1802.

51. A cognate group of cases is that of States having their origin in jagir grants. i.e., grants of revenue only, of which the Satara Jagirdars supply examples. These States originated in such grants, from the local Muhammadan kings of Bijapur, the Moghul Emperors, or the Mahrattas. Whether made as grants of land or of land revenue, they carried with them in the unsettled times of their origin a territorial jurisdiction, which developed in course of time into territorial sovereignty, as the granting power decayed or disappeared or as the grantee otherwise established independent authority.

52. The Southern Mahratta States and their contributions afford perhaps a closer parallel than any other to a strictly feudal relationship. Most of these States originated in grants of land made by the Peshwa to the founder of the Patwardhan family, the condition of the latter's tenure being an obligation to render military service. The grants were later divided between the heads of the various branches of the family and the military obligations distributed accordingly, each branch having to furnish a specified number of horsemen. On the overthrow of the Peshwa an option was given to the Patwardhans to commute their obligations either for cash or by the surrender of land of an equivalent annual value. The senior State, Sangli, ceded territory and certain rights to revenue ; the others elected to furnish contingents, but later, in 1848-9, commuted their obligations for fixed but light money payments, which continue to the present day. [While in origin the tributes of both the Satara and the Southern Mahratta States are closely related to those of the present class, their acquisition through the defeat of the Peshwa brings them into Class (6)—tributes acquired by conquest—in which they have accordingly been tabulated.]

53. Class (5) comprises contributions made for some special or local purpose. Appendix III shows that most of these payments are made towards the cost of two local corps, the Malwa Bhil Corps and the Mina Corps, stationed in Central India and Rajputana respectively. The State of Kotah makes the largest of the payments, Rs. 2 lakhs, which it contributes towards the cost of the latter corps. For this also the Jodhpur State pays Rs. 1,15,000 annually. The payments are relics of stormy periods in the histories of the States concerned, which have long contended that these burdens should not continue under modern conditions.

54. The Kolhapur State also makes certain special payments for the upkeep of the Kolhapur Infantry, a body of troops maintained under the command of the Resident for the time being, and also for the expenses of the Agency, including part of the pay of the Resident and his establishment. The assignment originated in an agreement of 1862 when the powers of the Ruler were restored, but at a time when the Resident was still in some degree responsible for the administration of the State. The amounts retained from the tributes due by other States to Baroda but assigned and used for the police of the areas from which they are drawn may also be classed in this category.

Tributes acquired by conquest, lapse or assignment.

(Appendix III, Schedule B.)

55. This concludes our review of the five classes of the first category of tributes ; there remain the two classes of the second category, viz., those acquired from previous suzerains, overlords or powers who exacted tributes *de facto* or *de jure*. It will be evident from what follows that these transferred liabilities are mostly of the same nature as the tributes of Class (1) of the direct tributes.

56. Class (6) comprises tributes which accrued to the British Government in India on the conquest or lapse of the State which originally received them. It is by far the largest of the classes, as in it are included the tributes paid by two great groups of States, one in Kathiawar, the other in Bihar and Orissa and the Central Provinces.

57. The former group numbers 31 and its tributes range from the Rs. 50,312 and Rs. 50,262, paid by Nawanagar and Jethpur respectively, down to petty amounts such as the sum of Rs. 153, which is the contribution of Bhavnagar under this particular head. A full account of this important group will be found in Appendix III. In the latter part of the 18th century the Mahrattas had established their supremacy in Gujerat and Kathiawar, and were levying tribute on States in both areas. Their hold, especially over the more distant States, was intermittent and the tributes which they exacted were levied under pressure of periodical invasions and were undefined in amount. By British intervention they were fixed in 1806, after the well-known "Walker settlement," and since 1820 all have been collected through British agency. Both the Peshwa and the Gaekwar levied tributes on States in this area. Those with which we are here concerned belonged to and were acquired from the Peshwa, first by treaty in 1817 among cessions in commutation for a contingent force, and, finally, in 1818, on his defeat and downfall, as part of his possessions acquired by conquest. With these Kathiawar tributes are classed some five tributary payments made by Cambay and other Gujerat States in the Bombay Presidency which have a similar origin.

58. The second large group comprises 37 tribute-paying States situated in the province of Bihar and Orissa and in the Central Provinces. These States were formerly tributary to the Bhonsla Raja of Nagpur, one of the members of the Mahratta Confederacy, whose State after many vicissitudes finally lapsed in 1855. Seventeen of the States pay fixed tributes. These were transferred from the suzerainty of Nagpur by treaty in 1803. The rest accrued to the British Government at a later date and are of a fluctuating nature and liable to periodical revision. The basis on which they were fixed has varied at different times, but at the last revision in 1907-8 they were assessed on a consideration of the balance of revenue remaining after deduction of the cost of administration and a sum adjudged sufficient for the due maintenance of the Ruler. The largest amounts are Rs. 80,000 paid by each of the States of Khairagarh and Nandgaon. Of the fixed tributes only two, those of Nayagarh and Dhenkanal, exceed Rs. 5,000. They pay Rs. 5,525 and Rs. 5,099 respectively.

59. There are also in this category two smaller groups of Bombay States which have been already referred to—the Southern Mahratta States and the Satara Jagirdar group—who make cash contributions of substantial amount in commutation of obligations to furnish mounted contingents, and a few other individual cases.

60. Class (7) comprises the tributes assigned to the British Government by the Mahratta States of Baroda, Gwalior, Indore and Dhar. With few exceptions these assignments were made as part of payments for subsidiary forces or contingents and were accompaniments of territorial cessions which are fully detailed and discussed in the Supplementary Report of the Special Committee and in the next Chapter of this Report. Among the exceptions are the two tributes assigned by the State of Dhar from Banswara and Dungarpur. These were made over in 1818, when the State was taken under British protection, in return for the recovery of lost districts.

Recommendations in case of tributes directly imposed or negotiated.

61. We have now, in accordance with our Terms of Reference, reviewed the origin and purpose of these cash contributions, and we proceed to the second part of our duty. Our Terms of Reference require us to advise "whether they (*i.e.*, cash contributions) should be immediately reduced or eventually extinguished in the manner contemplated in paragraph 18 of the Report of the Federal Finance Sub-Committee, or must be regarded as outside the scope of that recommendation as being for special and local purposes or by way of payment for material assets such as land still in the possession of the contributing States."

62. In paragraph 18 cited above, the Sub-Committee says:—"We think that there is, generally speaking, no place for contributions of a feudal nature under the new Federal Constitution; and only the probability of a lack of Federal resources at the outset prevents our recommending their immediate abolition. We definitely propose that they should be wiped out *pari passu* with the Provincial Contributions discussed in paragraph 16 above. Meanwhile, there seems to us to be certain cases in which real hardship is inflicted by the relative magnitude of the burden of the cash contributions; and we suggest that it might be possible, without excessive loss being thrown on the Federal Government, to remit at once that part of any contribution which is in excess of five per cent. of the total revenues of a State."

63. The supposed feudal nature of the contributions, referred to in the above extract, has been stressed in earlier discussions on the subject. In our opinion the feudal analogy is often very remote and affords no safe criterion for determining the legitimacy or otherwise of the claim for remission of tributes. Only some of these contributions, such as those which represent the commutation of an obligation to render military service, can properly be held to be of a feudal origin or nature. Many of them have no analogy in the feudal system as ordinarily understood, and others, paid under an agreement or treaty to the Paramount Power for military forces to be provided or for services to be rendered by the latter, are obviously in important respects in direct contrast to feudalism.

64. The fundamental and equitable principle that contributions to federal resources should be on a uniform basis seems to us to afford safer ground for an approach to the problem of remission than does any argument founded on feudal analogies. The cash

contributions in general contravene this fundamental principle. It is not that there is anything in cash contributions as such inconsistent with the federal idea, and some States have themselves suggested that their contributions to the federal fisc should take this form. The present tributes, however, not only have no counterpart in British Indian provinces apart from income tax, the abolition of which as a federal source of revenue is proposed, but they are both arbitrary and unequal in their incidence on individual States. If they were not so it would be quite possible, and perhaps desirable, to consider their retention as a part of the federal financial system. Many States moreover pay no tributes at all ; and the distinctions which exist between one State and another in this respect, as well as in respect of the amount of tribute paid, are largely the result of a series of historical accidents and depend on the circumstances in which the relations of the State and the British Government were stabilised or of the exigencies of the time or the policy which then prevailed. Contributions to the Paramount Power by some of the States under its suzerainty may no doubt have had a historical justification ; but, as between the members of a Federation, such payments by some units for the benefit of all have no logical basis. Apart altogether, therefore, from any objections based on feudal relationships, the States now paying tributes can and do justly urge that no unit on entry into Federation should remain burdened by these exceptional contributions, in addition to the contribution which it makes through the incidence of indirect taxation common to all alike.

65. It is true, as we have shown, that in certain cases tributes represent a payment in return for rescue by the Paramount Power from complete extinction, for restoration after expropriation, or for additions of territory. This class of tribute as well as that of tributes for special or local purposes we reserve for consideration below ; but, as regards tributes in general, we are in full agreement with the conclusions of the Federal Finance Sub-Committee that there is no place for them in a federal constitution and that with Federation they should be brought to an end. We would apply this conclusion to all tributes comprised in classes (1), (2) and (3) above, whether they originated in acknowledgments of suzerainty and obligations of subordinate co-operation, in contributions for general protection, in commutation of obligations for the supply of troops, or in payments for subsidiary forces.

Contributions represented by "Material Assets."

66. There are cases where, apparently or in fact, a consideration has been or is being received in respect of the contribution, and we have been asked and have now to distinguish such cases where, owing to the transfer of material assets such as land still in possession of the contributing State, or to the contributions being for special or local purposes, the recommendation of the Federal Finance Sub-Committee for the immediate reduction or final extinction of the payments should not apply.

67. We have found some difficulty in interpreting the phrase "material assets such as land." but believe that we must consider

here our fourth class of the first group, in which contributions are classified as paid in respect of the creation of a State or of the restoration, regrant or enhancement of its territory. The word "land" is in one sense ambiguous ; but it is reasonable to assume that the Sub-Committee had in mind private as distinguished from public or sovereign rights. We have received and tabulated no claims for the remission of payments made in respect of "lands," where the recognition of sovereignty did not, either expressly or by necessary implication, accompany the grant, or where the payments have not in course of time been followed by a tacit recognition of sovereignty. It is true that now and then there is little in the terms used in the treaty or grant to distinguish the case from a grant of jagirs or of revenue only, but sovereign powers appear to have been exercised even in these cases from the beginning. A typical instance is afforded by the tribute of Ajaigarh of which some account has already been given. When the two additional districts were granted to the State at the beginning of the last century the terms used were appropriate to the creation of a perpetual lease, but, though in 1812 these districts were not included in a list of the territories then constituting the State, it would appear that they have in practice always or long been treated as part of the territory belonging to the State and in no way differently from its other territorial possessions except for the payment of the fixed annual sums. The cases of Panna and Charkhari are practically identical with that of Ajaigarh.

68. It might possibly be held that the tribute paid in such cases is payment for material assets still in the possession of the State. We feel, however, that it is difficult to distinguish these tributes or to treat them differently from those imposed on the many States restored in whole after a usurpation and handed over on condition of the payment of an annual sum by way of tribute and not of rent, or from those of States originally created by way of jagir grants but afterwards recognised as sovereign States at, or subsequently to, the beginning of their connexion with the Paramount Power, in both of which cases we hold that the tributes are clearly such as should rank for remission.

69. In the first case, the difference has been one of words and not of facts, since sovereignty has been exercised by both groups of States in the whole of their territories, whether the contribution has taken the form of a tribute or a payment for a perpetual lease. In the second, the same considerations apply to the payments made by the jagir States for the whole of their territories as to those made by the States now in question for additional districts. In the case of all, the justification for remission is that such payments contravene the principle of equality of contribution and that their Rulers have the same expenses and burdens of administration as those of other States and equally require their revenues to meet public needs. While this applies to all districts, even though of jagir origin, in which Rulers exercise the same sovereign powers as in the rest of their territories, it does not apply to districts in British Indian territory held by States or their Rulers as private landowners, where the responsibility and cost of public administration falls on British India alone.

70. A difficult and crucial case is that of the State of Benares, which was re-created in 1911 after a long period of extinction, subject to payment of an annual tribute, revised in 1919 on the transfer to it of additional territories, and since then fixed at Rs. 2½ lakhs approximately, this amount representing the equivalent of the revenue lost to Government by the transfer of the territories comprised in the re-created State. It may be thought that a transaction of such recent date ought not now to be revised to the exclusive advantage of one of the parties to the bargain; yet only by remission of the tribute can Benares or other States similarly situated be brought into Federation on a footing of equality and on an equitable financial basis, and the date on which the tribute first became payable is not really relevant. There is little doubt that the districts transferred to Benares, if in the hands of the United Provinces to-day, would not yield the surplus estimated in 1911 or 1919, when the economic conditions and the cost of provincial administration were very different from what they are now. There seems also little reason for distinguishing between a State which has agreed to pay an arbitrary sum as a condition of its creation, existence, or preservation, and the case of Benares, where a figure based on the revenue of the State has been fixed on its restoration to a previous Ruling House. In the one, as in the other, the contributions are obligations determined by treaty or agreement, and in both the considerations arising on Federation are the same.

71. These examples will perhaps have sufficiently illustrated the problem presented by Class (4) and the principles on which we believe it should be dealt with. We do not consider that a State itself, or a part of it, should be held to be "material assets" for the present purpose, and would advocate that, if the principle is accepted that tributes are ultimately to disappear, it should be applied broadly. We have carefully scrutinised the cases included in Class (4) and hold that no question arises of "material assets" in a sense which would justify us in excluding them from tributes which in our opinion should be extinguished. We accordingly recommend them for the same treatment as recommended for those in our first three classes.

Contributions made for "Special and Local Purposes."

72. The payments "for special and local purposes" are in most cases for local corps, in which we include the Kolhapur Infantry. These forces have been referred to already and are fully described in Appendix III. The States liable for the payments for them demand the cessation of their contributions on the grounds that the corps are no longer required, or that they are themselves ready and able to provide forces of their own and to discharge the duties for which the corps were raised. They allege, also, in certain cases that the forces for which they contribute are neither recruited, stationed nor used in the territories.

73. We have not been in a position nor have we had the time to investigate the validity of these contentions, but we have been impressed by the force of the argument which *prima facie* they

cally secure a passage to the sea with fine harbours—not an inconsiderable advantage. We trust that the negotiations, which are afoot, will bear early and fruitful result.

119. The division into correct linguistic areas will naturally need a Boundary Commission working through many border districts and so hotly are many of these contested that plebiscites will have to be held. This will be a long-drawn-out process, in which feelings would be aroused to a much greater extent than even during our inquiry, and, however, carefully and conscientiously the work may be done, there are bound to be left dissatisfied parties with resultant bitterness. This may take long to disappear and thus impede all efforts at nation-building.

120. The formation of linguistic provinces is sure to give rise to a demand for the separation of other linguistic groups elsewhere. Claims have already been made by Sikhs, Jats and others and these demands will in course of time be intensified and become live issues if once the formation of linguistic provinces is decided upon.



सत्यमेव जयते

CHAPTER V

Summary and conclusions

121. The existing provinces of Madras, Bombay, and the Central Provinces and Berar hold together within their respective territories large linguistic groups which are unequally matched for the struggle for existence or for the struggle for political power. In the struggle for political power, which British imperialism and subsequently democracy under British rule introduced in this country, these heterogeneous elements were not completely successful in producing harmonious Governments, with the result that a demand grew up in course of time on the part of the groups, which felt that they had suffered in the struggle, for a separate Government of their own.

122. When a conflict of interest, real or imaginary, arises between linguistic groups differing in numerical strength and in mental and moral equipment, it does not take long for the minority to feel that it has no chance against the majority, and it finds an easy solution of its difficulty in a desire for separation. Whether this demand is due to the aggressiveness of the more successful groups or to some inherent or accidental weakness in the less successful ones or to both it is not easy to determine; nor is it necessary to do so. It is sufficient to note the conditions which bring it into existence and to observe that it originates in a desire for power which, in its lower sense, is a desire for jobs and offices and, in its higher sense, a desire for service to the community and for its material and moral advancement. And it actuates the conduct of both honest and patriotic persons and of self-seekers in the groups in which such a demand has sprung up.

123. The intensity of the demand and its duration as also its justification vary from province to province, and within linguistic groups of the same province and also within the different sections of the same group. It has a long and persistent history of agitation behind it in ANDHRA, and exists in its strongest form in the coastal districts thereof. The Rayalaseema districts of Andhra are not affected by the demand to the same extent, and a substantial section is opposed to it. Just as there is a genuine apprehension in the coastal Andhra mind against Tamil domination, so too, there is an apprehension, though in a somewhat lesser degree, in the Rayalaseema mind against coastal domination. Next to Andhra, the demand is insistent in KARNATAKA, though there it is moderated by the knowledge that, for the unification of Karnataka, the co-operation of Mysore State is essential and that it may require some time for preparation. In Kerala there is a general recognition that, without the merger of Cochin and Travancore States, a separate province cannot exist; and the demand there is weakest and is rightly conditioned upon the formation of any other linguistic province out of Madras, and the people are prepared to wait till a United Kerala comes into existence. The Maharashtra is a late-comer in the field of agitation for linguistic provinces, and it is still a divided house comprising three cross-divisions of Konkan, Desh, and Mahavidarbha, none of whom has suffered in any way in the struggle for political power.

124. The main ground put forward for the demand for linguistic provinces is that they are essential for the working of democracy, as also for the working of the Constitution, and a linguistic province is the best form of a homogeneous province, which the existing circumstances in India permit to be formed. It is said that the working of democracy is impeded in the field of EDUCATION, Legislature, and Administration by a multiplicity of languages spoken in a province. It is further said that autonomous provinces are embedded in our Federal Constitution and autonomous provinces imply autonomous States. And as the larger linguistic groups now existing in India claim historically to have formed sub-nations, they contend that the appropriate place for these sub-nations is in a linguistic State, just as, for the same reason, the correct principle upon which autonomous provinces should be formed is the linguistic principle.

125. Linguistic homogeneity in the formation of new provinces is certainly attainable within certain limits but only at the cost of creating a fresh minority problem. More than half the Malayalam and Kannada speaking people are living in Indian States, and only a little less than half of the Telugu and Marathi speaking people are living either in Indian States or in Union Provinces from which they cannot be transferred to new linguistic provinces either for want of geographical contiguity or want of their consent to be so transferred. These must remain, at least for many years to come, outside the sphere of a linguistic province. Even in the limited areas of the Union, which can be made homogeneous linguistically, border districts on each side and the capital cities of Bombay and Madras will remain bilingual or multi-lingual. And, as has been explained before, nowhere will it be possible to form a linguistic province of more than 70 to 80 per cent. of the people speaking the same language, thus leaving in each province a minority of at least 20 per cent. of people speaking other languages. And considering the evidence, which has come before us in regard to the Telugus, who were transferred to Orissa from Madras at the time of the formation of the Orissa province, and the Tamils, who live in Southern Travancore, it is easy to foresee that similar minority problems on a much more extensive scale will arise all over the linguistic provinces.

126. As for persons speaking the same language forming a sub-nation, whatever may have been their condition in the past, now for 200 years these people have got separated and scattered over different areas in British-made provinces or Indian States and have become assimilated with them, so much so that the Rayalaseema districts are not at present eager to throw in their lot with the coastal districts; Cochin and Travancore would not readily coalesce with Malabar; and there are difficulties in the way of Mysore merging in Coorg and Karnataka districts; and Mahavidarbha is not keen on joining Bombay Maharashtra. Each of these differing elements now has its own special needs and problems, which require individual treatment and which prevent these elements from easily coming together in one homogeneous province contemplated by the Constitution unless special provisions be made for them.

127. It may, therefore, be safely assumed that linguistic groups as sub-nations do not exist anywhere at present. But if the intention were to bring sub-nations into existence, there could not be a better way of doing it than by putting together these differing elements in a linguistic province. An autonomous linguistic province, in other words, means an autonomous linguistic State and an autonomous linguistic State means, in the words of one of its exponents, that its territories are inviolate. And if in a linguistic province the majority language group comes to regard the territory of the entire province as exclusively its own, the time cannot be far distant when it will come to regard the minority living in that province and people living outside it as not their own. And once that stage is reached, it will only be a question of time for that sub-nation to consider itself a full nation.

128. The strength of the demand for linguistic provinces lies in the fact that there is some advantage in imparting education in working the Legislature, and in administration if a large majority of the people speak the same language and in the fact that these linguistic groups do not seem to live happily in the existing provinces and are anxious to separate. The demand receives added force from the fact that a great several of the existing provinces more or less possess linguistic homogeneity. That one part of the country is linguistically homogeneous, including the small province of Orissa, which has to be maintained by subvention from the Centre, is a source of constant irritation to linguistically heterogeneous provinces. It certainly does not lie in the mouth of those who are living in a linguistically homogeneous province to point out its evils to those living in a heterogeneous province. Moreover the formation of linguistic provinces has been an article of faith in the current political thought of the country

during the last thirty years and has received the support of the Congress and the blessings of Mahatma Gandhi.

129. The weakness of the demand lies in the fact that it involves the recognition of the principle of government of a province by a linguistic group, which is basically wrong. Further it paves the way for the recognition of other group governments for which there may exist a tendency in the country, for example, government by Southerners in the South of India, government by Sikhs and Jats in the north of India, and even government by the non-Brahmins in certain areas of this country. It leads to the breaking up or deterioration of vital organisms like capital cities and border districts where, for generations, a bilingual or multi-lingual life has flourished happily. It would further create minority problems and State problems of a kind which did not exist before. And, above all, it would bring into existence provinces with a sub-national bias at a time when nationalism is yet in its infancy and is not in a position to bear any strain. And, lastly, the motive behind the demand is open to serious challenge. It is not the ostensible ground of making democracy run smoother, but the fact that these several communities living in the province cannot get on together, that is behind the proposal to separate and form governments of their own.

130. The existing Indian provinces are administrative units of British imperialism. They came into existence in a somewhat haphazard way, and were not designed to work democratic institutions; they are certainly susceptible of more scientific and rational planning. But they have taken root and are now living vital organisms and have served the useful purpose of bringing together people, who might otherwise have remained separated. And though they may be somewhat disadvantageous in working modern democracy, they are not bad instruments for submerging a sub-national consciousness and moulding a nation.

131. In any rational and scientific planning that may take place in regard to the provinces of India in the future, homogeneity of language alone cannot be decisive or even an important factor. Administrative convenience, history, geography, economy, culture, and many other matters will also have to be given due weight. It may be that the provinces thus formed will also show homogeneity of language and, in a way, might resemble linguistic provinces. But, in forming the provinces, the emphasis should be primarily on administrative convenience, and homogeneity of language will enter into consideration only as a matter of administrative convenience and not by its own independent force.

132. But this is certainly not the time for embarking upon the enterprise of re-drawing the map of the whole of southern India, including the Deccan, Bombay, and the Central Provinces. India is yet to become a nation, and Indian States are yet to be integrated. The problem of regrouping the provinces would become simpler when the future of the remaining States is definitely known. Again, India can ill spare at this moment and for some time to come the money, material, or administrative talent, which will be required for setting up half a dozen new governments and new capitals. It cannot afford to add to its anxieties the heat, controversy and bitterness, which the demarcation of boundaries and allotment of the capital cities of Bombay and Madras will involve. And lastly by splitting three existing provinces into half a dozen the economy of almost half the country will be so seriously upset that it should not be attempted without a great deal of study, preparation and planning. However urgent the problem of redistribution of provinces may be, it is not more urgent than the Defence problem, the inflation problem, the refugee problem, the food problem, the production problem, and many other problems with which India is burdened today. All these must get

priority and the redistribution of provinces must wait till India has become a nation and has been fully integrated. If India lives, all her problems will be solved; if India does not survive, nothing will be gained by solving her linguistic provinces problem alone.

133. In order to secure this stability and integration, India should have a strong Centre and a national language. Indian nationalism is deeply wedded to its regional languages; Indian patriotism is aggressively attached to its provincial frontiers. If India is to survive, Indian nationalism and patriotism will have to sacrifice some of its cherished sentiments in the larger interests of the country. India has chosen for herself the destiny of a Federal Republic. In the Constitution, which is now being forged for her, framework may be set up, which would enable her to find her destiny. Provide, if you will, for autonomous provinces and for adult franchise; but also recognise that there will be a period of transition, a period of trial and error, during which India will have to prepare for its destiny and during which the Centre must possess large, over-riding powers of control and direction—powers which may be kept in reserve and may be sparingly used and finally abandoned, but which must be available for effective use if and when occasion arises.

134. Till nationalism has acquired sufficient strength to permit the formation of autonomous provinces, the true nature and function of a province under our Constitution should be that of an administrative unit functioning under delegated authority from the Centre and subject to the Centre's over-riding powers in regard to its territory, its existence, and its functions. These powers are required to form new provinces and to mitigate the rigour of government by linguistic majorities, to prevent a breakdown of the administration on account of disputes amongst linguistic groups, to check fissiparous tendencies and strengthen national feeling, and above all to build up an Indian nation.

135. An immediate solution has, however, to be found for the desire for separation which exists among the Telugus, Malayalees, Kannadigas, and Maharashtrians. These linguistic groups are entitled to their legitimate share in the administration, government, and development of their provinces. Two of these linguistic groups, namely, Malayalees and Kannadigas, are situated at the tail-end of their provinces and represented by ineffectual minorities in their legislatures. Two others, namely, the Telugus and the Maharashtrians in C. P. & Berar, are represented by large, virile, and group-conscious minorities; but they are faced with equally group-conscious majorities and the two refuse to coalesce and produce a harmonious government. The clash and conflict, which exists between them, has brought the administration in Madras to a breaking point, and C. P. & Berar are also showing signs of going the same way. No particular grievance would seem to exist in the case of the Bombay Maharashtra group.

136. A number of constitutional safeguards were suggested to us to prevent such breakdown. One commonly-favoured suggestion was that the Governor should always come from another province and should be selected by the Centre for his character and ability and armed with powers to prevent injustice to minorities, and charged with this duty in his Instrument of Instructions. Another suggestion was that Provincial subjects should be reduced and joint subjects enlarged, and the Centre given residuary and over-riding powers. The third was that the Government in these provinces should be run by turns by linguistic groups, or be divided into administrative regions, and that the Centre should impose conventions in regard to these matters under which the administration might be carried on. We have not considered in detail these and other similar suggestions made to us as it is not strictly within our province to do so. They all, however, lead to the inference that the Centre must be armed with over-

riding powers and must assume responsibility to guide democracy till Indian nationalism has been sufficiently strengthened and democracy is able to stand on its own legs.

137. The only good that we can see in a linguistic province is the possible advantage it has in working the legislature in the regional language. But this is more than counter-balanced by the obstruction the linguistic provinces will inevitably cause to the spread of national language or national feeling in the country. It is claimed—and the view is sincerely held—that the Telugu, Malayalee, Kannadiga, or Maharashtrian will be a better nationalist by being put in a linguistic province than without it. It is said that, by being put in a linguistic province, each linguistic group will be happier and stronger and will be able to develop according to its genius, and a stronger group will be able to serve India better and consequently will be a better nationalist. We are convinced that this is a mistaken view. The emotional response, which the sub-national sentiment will receive from a linguistic province, will always be greater than the one received by the national sentiment. The linguistic group, by being put into a linguistic province, may or may not become stronger; but it does not follow that by being stronger it will become more nationalistic in outlook. Nationalism and sub-nationalism are two emotional experiences which grow at the expense of each other. In a linguistic province sub-nationalism will always be the dominant force and will always evoke greater emotional response; and, in a conflict between the two, the nascent nationalism is sure to lose ground and will ultimately be submerged.

138. No doubt it is a fact that in some of the existing provinces linguistic homogeneity exists, and this is a source of constant irritation to the other linguistic groups who are living in heterogeneous provinces. As soon as India has been physically and emotionally integrated, the Indian State problem solved and the national sentiment strengthened, the scientific planning of the existing provinces of India can be taken in hand as far as practicable and this invidious distinction obliterated; but till then it has to be accepted as an accident of history and all sub-national tendencies in the existing linguistic provinces should be suppressed.

139. It is true that these linguistic groups, who are clamouring for separate provinces, are not happy in their present surroundings and the friction and differences which subsist between them, constitute a serious threat to good government. This has already become a major administrative problem. But the mere fact that two large communities cannot get on together is no valid reason for breaking up a province even when these communities are numerically large enough, economically strong enough, and geographically contiguous enough to form provinces of their own. The principle underlying this separation would be so dangerous in its application to the rest of India that the strongest advocates of linguistic provinces have been compelled not to base their demand on this ground which is really at the back of their minds, but to make it on other ostensible grounds like benefit to democracy or preservation and development of their language and culture. Not only the groups, whose cases we are considering, but many other linguistic groups in so-called homogeneous provinces, as also many other communal groups, who have as strong an individuality as these linguistic groups possess, are not happy in their present surroundings. And if once this principle is recognised, it will set the ball rolling for the disintegration of the entire country. And we do not think that the case is any further advanced by the fact that these groups are, not only discontented groups but also linguistic groups.

140. It is said that Congress pledges are behind this demand, and that the Congress has formed its provinces on a linguistic basis that the present political leadership of the country is committed to it, that the desire for these provinces has sunk deep down into the masses, and that, if it is now delayed or denied,

it will cause serious discontent. There may be some truth in all this, but we trust that the political leadership in the country will rise to the occasion and guide the country to its duty. The Congress did not form its provinces on a linguistic basis alone, and so far as we are aware, has not committed itself to any time limit in regard to the formation of these provinces, unless it be that the time-limit intended by the Congress was the attainment of Swaraj. But freedom has come to us in a way unforeseen and unthought-of and has brought in its train problems and dangers never dreamt of. In view of the dangers, which now surround our country, and in the circumstances that now exist, the Congress stands relieved of all past commitments and it is its right as also its duty to come to a fresh decision on the subject in the light of the present circumstances.

141. The caste system and sectional and group interests stir up some of the deepest emotions in the Indian heart. Those patriotic persons, who fought the battle of freedom under the banner of the Congress and who are now agitating for separate provinces, share the sentiments of their countrymen. They find it difficult to understand how they will become less national-minded and less patriotic by harbouring sentiments, which they had cherished all along and for which a linguistic province is a natural expression, when these very sentiments did not stand in the way of their uniting and making immense sacrifices for the cause of Indian freedom in the struggle against British Imperialism. They do not realise that nationalism born under the stress of foreign domination or of the fear of external aggression cannot stand the strain of normal times unless there is some deeper unity to support it when the stresses which have brought it into being disappear. History is replete with examples of great movements born of a sudden surge of feeling meeting with disaster when the moving stimulus was withdrawn. And Indian unity and Indian nationalism, which are yet in their infancy, will not be able to bear the strain of normal times, unless the mass psychology undergoes a radical change and ceases to think in terms of 'mine' and 'thine' in so far as the nation and the State are concerned. If India is to live, there simply cannot be an autonomous State anywhere in India for any group, linguistic or otherwise: and no sub-national province can be formed without preparing the way for ultimate disaster.

142. So clear is the force of logic with which the case of Indian nationalism presents itself to an unprejudiced mind, and at the same time so keen is the desire for linguistic provinces in certain areas that all sensible advocates of such provinces are even prepared to abandon provincial autonomy and accept a unitary Government for India. All the best evidence presented before us is unanimous regarding a strong Centre with over-riding powers and a compulsory national and official language to be enforced by statute. If India decides that the existing linguistic provinces should be retained and others formed in the future, it must prepare itself for a unitary government at least for the period of transition. And the Constitution should provide for a gradual devolution of power to provinces with full autonomy only when Indian nationalism has been sufficiently strengthened. This is the least margin of safety under which these linguistic provinces can be permitted to function.

143. This inquiry in some ways has been an eye-opener to us. The work of sixty years of the Indian National Congress was standing before us face to face with centuries-old India of narrow loyalties, petty jealousies, and ignorant prejudices engaged in a mortal conflict, and we were simply horrified to see how thin was the ice upon which we were skating. Some of the ablest men in the country came before us and confidently and emphatically stated that language in this country stood for and represented the culture, tradition, race, history, individuality, and, finally, a sub-nation; that the government of a linguistic group could not be safely left in the hands of a multi-lingual group; and that each linguistic group must have a territory of its own and that its territory was in-

violate and could not be shared by any other linguistic group. And it is fair to state that these were not individual views, but the views of a great many of our countrymen. The bitter dispute which rages between Tamils and Telugus in regard to the city of Madras and, in a greater degree, between the Mahrathas and Gujaratis about the city of Bombay, reveals a mentality which to our mind will be the death-knell of Indian nationalism.

144. The basic facts of the Indian situation are well-known and well-settled, and are not in dispute on either side. India can only live by the strength of its nationalism; Indian nationalism must find its expression in democracy and not in a kind of fascism: that democracy in this country can only function through a Federation as an absolute unitary government for such a vast country is neither desirable nor practicable; and a Federation requires contented and happy units and some measure of autonomy for these units.

145. Our masses have been exploited and have long been suffering and their relief is overdue: and they are entitled immediately to the widest possible education and the widest possible franchise; and all these objectives have to be achieved within the framework of a society, which is caste-ridden, group-conscious, and in the grip of reactionary vested interests, religious and secular. So far there is no dispute. The dispute arises in marking out the spheres, within which, the nationalism of the country and its reactionary tendencies have to find an outlet.

146. These linguistic provinces make a strong appeal to the imagination of many of our countrymen and there exists a large volume of public support in their favour. Indeed, in the coastal districts of Andhra, the demand has become, in the words of one of its leading advocates, "a passion and has ceased to be a matter of reason"; and the heat and passion and controversy, which gathered round the work of this Commission and which we witnessed during the course of our work, are in themselves a proof of the intensity of feeling which exists on this subject. The non-fulfilment of a demand of this nature may easily lead to a sense of frustration, and there is grave risk in turning it down; and such a risk can only be justified in the interests of national emergency.

147. In our opinion, however, such an emergency exists at present in this country. The first and last need of India at the present moment is that it should be made a nation. The Constitution, which is now being forged for India, as also all the multifarious problems, which clamour for an immediate solution, have got to be considered in relation to this paramount necessity. Everything which helps the growth of nationalism, has to go forward, and everything, which throws obstacles in its way, has to be rejected or should stand over. We have applied this test to linguistic provinces also, and judged by this test, in our opinion, they fail and cannot be supported.

148. It has given us no pleasure to come to a decision, which runs counter to the cherished desires of so many countrymen of ours in Andhra, Kerala, Karnataka and Maharashtra. Throughout this inquiry a strong and able opinion has ranged itself against the formation of these linguistic provinces outside the areas in which the demand was put forward. This opinion proceeded from persons in all walks of life, including some of our ablest administrators and most distinguished countrymen. The case against the formation of linguistic provinces and the arguments by which it was supported have been adverted to in an earlier portion of this Report. If it were possible to decide the question of formation of linguistic provinces with reference to the wishes of the people who want these provinces alone, we should have been prepared to gratify their wishes. We do not think, however, that a question of such

national importance can be decided with reference to such wishes without taking into account the repercussions, which they would have on the country as a whole. And, judging that way, we have come to the conclusion, reluctantly but definitely, that the case against linguistic provinces is the sounder of the two.

149. But this finding does not dispose of the administrative problems, which already exist, having regard to the mutual relations of these linguistic groups, nor does it in any way militate against the formation of administrative provinces out of these linguistic areas should such provinces be decided upon in future on purely administrative considerations.

150. An urgent case, however, exists for adjusting the relations of the various linguistic groups in the government of the existing provinces. Two of these linguistic groups, Kerala and Karnataka, being situated at the tail-end of their provinces and represented by ineffective minorities, have undoubtedly suffered in their development. There can be no doubt that they would prosper and be able to manage their affairs much better under their own government nearer home if such a government were possible. The cases of Andhra and C.P. Maharashtra are more complicated and have a political colouring. The clash and conflict, which strains the relations between Telugus and Tamils in Madras, is a serious handicap to the efficient administration of that province. And this is also true, though in a much lesser degree, of the relations between Mahavidarbha and Mahakoshal in the province of C.P. and Berar.

151. The evidence placed before us does not lead to the conclusion that the existing provinces of Madras, Bombay, C.P. & Berar are administratively inconvenient or that their re-formation on administrative grounds is immediately necessary and cannot wait. But it is not unlikely that when Indian States have aligned themselves with Indian provinces and India has been physically and emotionally integrated and has stabilised itself some of the existing Indian provinces may have to be re-formed. In any rational and scientific planning, which may then take place, the natural place of Malabar will be with Cochin and Travancore and of the Union Karnataka with Mysore and their problems will be automatically solved. In such a planning it may not be generally necessary to break up the bilingual border districts and they may be disposed of on their individual economic and historical affinities and Capital cities like Bombay and Madras should receive special treatment, which their interest and the larger interests of the nation may demand. Subject to the above and other relevant considerations, if re-formed provinces present features of linguistic homogeneity also that will be an additional advantage. If the government of the day should decide to re-form these provinces, an attempt should be made to secure the agreement of the parties concerned, which alone would ensure future harmonious relations.

152. Our conclusions, therefore, are :—

- (1) The formation of provinces on exclusively or even mainly linguistic considerations is not in the larger interests of the Indian nation and should not be taken in hand.
- (2) The existing provinces of Madras, Bombay, C.P. and Berar present serious administrative problems for which an administrative solution is urgently necessary and it is for the Centre to find a satisfactory solution of these problems.
- (3) The aforesaid problems do not call for an immediate re-formation of provinces. As soon as Indian States have been integrated and the country has stabilised itself and other conditions are favourable they may be re-formed and convenient administrative provinces set up.

- (4) In the formation of new provinces, whenever such a work is taken in hand, oneness of language may be one of the factors to be taken into consideration along with others; but it should not be the decisive or even the main factor. Generally speaking, bilingual districts in border areas, which have developed an economic and organic life of their own, should not be broken up and should be disposed of on considerations of their own special needs. Similarly, the cities of Bombay and Madras should receive special treatment and be disposed of in the best interests of India as a whole and in their own interests. Subject to the above and other relevant and paramount considerations, if some new provinces come into being and produce more or less linguistic homogeneity they need not be objected to.
- (5) If any powers are necessary for the Centre for a proper solution of the administrative problems in the provinces the Constitution should provide for them.

153. We find that no new provinces out of those referred to us should be formed for the present; and, in view of this finding, the other questions referred to us do not arise and need no answer.

154. Our Associate Members have given us invaluable help in selecting witnesses, in bringing out points for and against during the examination of witnesses and in advising us generally in matters with which they were familiar and which were new to us. We gratefully acknowledge the help which we have received from them.

155. Next, we desire to express our warm thanks to our Secretary, Shri B. C. Banerji, M.A., I.A. & A.S., specially for the pains he has taken in examining the financial position of the proposed new provinces, which he has described in Chapter III. His experience as a senior Accountant-General has been of great value and help to the Commission.

156. Lastly, we have to record our thanks to the Secretariat of the Constituent Assembly for making available to us a great deal of material which they had collected, for the excellent staff which they placed at our disposal, and for the willing co-operation which they extended to us throughout our inquiry.

S. K. DAR,
Chairman.

PANNA LALL
JAGATNARAIN LAL } *Members.*

B. C. Banerji,
Secretary.

New Delhi, the 10th December, 1948.

APPENDIX I

(i) Recommendation of the Drafting Committee

"The Committee has anxiously considered the question whether Andhra should be specifically mentioned as a separate State in this Schedule. There was recently a statement by the Government on this subject, in which it was said that Andhra could be included among the provinces in the Constitution as was done in the case of Orissa and Sind under the Government of India Act, 1935. Accordingly the Committee was at one stage inclined to mention Andhra as a distinct State in the Schedule. On fuller consideration, however, the Committee feels that the bare mention of the State in the Schedule will not suffice to bring it into being from the commencement of the new Constitution. Preparatory steps will have to be taken immediately under the present Constitution in order that the new State, with all the machinery of government, may be in being from the commencement of the new Constitution. This was what was done in the case of Orissa and Sind under the Act of 1935; they were made into separate provinces with effect from April 1, 1936, while the Act came into operation on April 1, 1937. The Committee therefore recommends that a Commission should be appointed to work or inquire into all relevant matters not only as regards Andhra but also as regards other linguistic regions, with instructions to submit its report in time to enable any new States whose formation it may recommend to be created under section 290 of the Act of 1935 and to be mentioned in this Schedule before the Constitution is finally adopted."

(ii) Constituent Assembly of India

The Secretariat of the Constituent Assembly of India has issued the following Press communiqué:—

The question of the formation of certain new Provinces has been engaging public attention for some time. The Drafting Committee appointed by the Constituent Assembly of India recommended that a Commission should be appointed to enquire into and work out all relevant matters in connection with the formation of such Provinces with instructions to submit their report in time to enable the new States, whose formation such Commission may recommend to be created under Section 290 of the Government of India Act, 1935, as adapted, to be mentioned thereafter in the First Schedule to the Draft Constitution before the Constitution is finally adopted.

2. The President of the Constituent Assembly has accordingly been pleased to appoint the following Commission to examine and report on the formation of new Provinces of Andhra, Karnataka, Kerala and Maharashtra and on the administrative, financial and other consequences of the creation of such new Provinces. With the Commission will be associated the following Associate Members who will share freely in the proceedings of the Commission in so far as they are concerned but not take part in drafting or signing the report:—

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| 1. Shri S. K. Dar (Retired Judge, Allahabad High Court). | Chairman. |
| 2. Dr. Panna Lal, C.S.I., C.I.E. (Retired Member of the Indian Civil Service). | } Members. |
| 3. Shri Jagat Narain Lal (Member, Constituent Assembly of India). | |
| 4. Shri B. C. Banerjee (Accountant-General, Bihar). | Secretary. |

Associate Members

FROM MADRAS	LINGUISTIC AREA REPRESENTED
1. The Hon'ble Shri Ramakrishna Raju (President, Madras Legislative Council)	Andhra.
2. Shri T. A. Ramalingam Chettiar (Member, Constituent Assembly of India).	Tamilnad.
3. Shri Narayana Menon, of Palghat (Member, Madras Legislative Council).	Kerala.
4. Shri Tokuri Subramanyam of Bellary	Karnataka.
FROM BOMBAY --	
1. Shri K. M. Munshi (Member, Constituent Assembly of India).	Gujarat.
2. Shri R. R. Diwakar (Member, Constituent Assembly of India).	Karnataka.
3. Shri H. V. Pataskar (Member, Constituent Assembly of India).	Maharashtra.
FROM THE CENTRAL PROVINCES & BERAR	
1. Shri T. L. Sheode (Retired Judge, Nagpur High Court).	Maharashtra.
2. Shri Gopilal Shrivastava (Advocate, Suagar).	Mahakoshal (Hindi-speaking areas).
3. The terms of reference to the Commission are as follows:—	
(1) What new Provinces, if any, from among those specified in paragraph 2 above should be created and what broadly should be their boundaries, it being understood that the precise demarcation of the boundaries would be considered later by a Boundary Commission?	
(2) What should be the administrative, economic, financial and other consequences in each Province to be so created?	
(3) What would be the administrative, economic, financial and other consequences in the adjoining territories of India?	

APPENDIX II

CONSTITUENT ASSEMBLY OF INDIA

LINGUISTIC PROVINCES COMMISSION

Questionnaire regarding the proposed Provinces of Andhra, Karnataka, Kerala and Maharashtra

PART I

1. Should Andhra, Karnataka, Kerala or Maharashtra be constituted into a separate Province on a linguistic basis?

2. What should be the boundary of the new Province? Please mention the districts and taluks which you would wish to be included in the new Province and give reasons in support of your opinion.

3. Should the new Province be constituted into a fullfledged Governor's Province with a Council of Ministers, the Legislature, a High Court, and Advocate-General, a Public Services Commission and an Auditor-in-Chief?

4. What do you think of the alternative scheme of constituting the proposed Province into a sub-Province of an existing Province with autonomous administrative machinery of its own?

5. Should the new Province have a separate administrative machinery for all the Government Departments, or should it have joint administration for any of the Departments with a neighbouring Province? Under this head the following subjects may be considered:—

- (1) Justice, (2) Police, (3) Public Works, (4) Medical and Public Health, (5) Higher Education, and (6) Forest.

6. What should be the strength of the Council of Ministers? What pay and allowances would you recommend for each Minister?

7. Should the Legislature of the new Province be unicameral or bicameral and what should be the salary of its members?

8. How many Judges should the High Court have besides the Chief Justice?

9. How many members should the Public Services Commission have including the Chairman and what should be their salary?

10. Should the new Province have a University of its own? If so, should it have an honorary Vice-Chancellor or a salaried one and, in the latter case, what should be his salary?

11. Should there be a head for each Department of Government (including the Board of Revenue) or would you like to have more Departments than one placed under one controlling officer? Indicate the heads of Departments which you would propose for the Province and the salary that you would allow to each.

12. What scales of pay would you propose for the various Services?

13. If you find it convenient, please prepare rough estimates of income and expenditure of the new Province under the various major heads.

14. If, according to your estimates, the probable revenues of the new Province are not sufficient to meet the expenditure and the new Province is faced with a recurring deficit, how would you propose to meet the deficit? What steps would you recommend for increasing the revenues of the Province? Would you suggest fresh taxation? If so, please give details.

15. Do you contemplate the merger of any Indian States in your Province? If so, which and why? Has the opinion of the people of those States been ascertained to be in favour of the merger? Suppose the States do not wish to join your Province, would you still have the new Province created?

16. Where should the seat of Government of the new Province be located? How would you meet the cost of the creation of the new capital?

17. What would be the economic consequences of the creation of the new Province? Under this head the following subjects may be considered:—

- (1) Agriculture, (2) Industry, (3) Forest, (4) Minerals, (5) Trade and Commerce, (6) Economic Development, (7) Public Health, and (8) General prosperity of the people.

18. What in your opinion should be the basic principle or principles for the division of assets and liabilities?

19. Do you think the creation of the new Province will lead to a large-scale transference of population and consequent human suffering? If you do, what steps would you suggest for its prevention?

20. Have you any proposals to make regarding the cities of Bombay and Madras (including the ports and suburbs)? Do you think they should be included in any Province; if so, which? Would you favour the formation of these cities into separate Provinces or sub-Provinces? If so, please give facts and figures in justification of your view-point.

PART II

(For Tamilnad, Gujarat and Hindi C.P.)

21. Do you agree to the carving out of the proposed new Provinces of Andhra, Karnataka, Kerala and Maharashtra?

22. What effects, administrative, financial and economic, are likely to be produced on the remaining parts of the existing Provinces after the new Provinces have been formed out of them?

23. Please prepare rough estimates of income and expenditure under the various major heads for those parts of the existing Provinces which would remain after the creation of the new Provinces.

N.B.—Replies to this questionnaire should reach the Secretary of the Linguistic Provinces Commission, Constituent Assembly of India, Council House, New Delhi, by the 16th August, 1948.

APPENDIX III

Sri Bagh Pact

As approved by the Andhra Provincial Congress Committee.

University:—This Committee is of opinion that the two University centres are to be developed under the Andhra University, one at Waltair and the other at Anantapur so as to distribute the centres of culture over the Andhradesa, and create opportunities for social and cultural intercourse amongst the Andhras and locate colleges in areas favourable to the subjects dealt with.

Irrigation:—That to ensure the rapid development of the Agricultural and Economic interests of Rayalaseema and Nellore on to the level of those in the Coastal districts, schemes of irrigation should, for a period of ten years or such longer period as conditions may necessitate, be given a preferential claim specially in respect of the utilization of the waters of Thungabhadra, Krishna and Pennar giving for ten years exclusive attention in respect of Major projects beneficial to these areas.

That whenever the question of sharing waters arises the needs of the aforesaid areas be the first met and that this policy be implemented as from today in the administration of the province.

Legislature:—That in the matter of general seats in the Legislature the distribution shall be generally on an equal district basis.

It is agreed that the location of the University, the Headquarters and the High Court may advantageously be in different places so as not to concentrate all civic importance at the same centre.

Accordingly it is agreed that while the University may continue to be where it is, the High Court and the Metropolis be located in suitable places in the coastal districts and the Rayalaseema, the choice being given to the Rayalaseema.

It shall, however, be open to vary these terms by common consent.

APPENDIX IV

The Akola Pact

It is agreed that there shall be one province of United Maharashtra (Samyukt Maharashtra) with sub-provinces for the Marathi-speaking areas, Central Provinces and Berar, commonly styled Mahavidarbha, and West Maharashtra with separate legislatures and cabinets for the sub-provinces and with specified subjects under their jurisdiction. The province shall have the right to create other sub-provincial units whenever found necessary and feasible. There shall be one Governor and one Deputy Governor for the whole province elected by the whole province and a provincial cabinet and legislature dealing with the provincial subjects. The provincial legislature shall be composed of representatives of the people on the basis of population. The elections to the sub-provincial legislatures shall be held separately. Two High Courts shall function independently for the two-sub-provinces except for a common tribunal set up for specific jurisdiction. There shall be a common public services commission for the whole province.

Shankarrao Deo

M. S. Aney

P. S. Deshmukh

Srimannarayan Agrawal

D. V. Gokhale

Brijlal Biyani

Datto Wanan Potdar

G. T. Madkholkar

S. K. Wankhede

Pandharinath Patil

P. Raka

Ramrao Deshmukh

D. R. Gadgil

Gopalrao Khedkar

Pramila Oke

G. R. Kulkarni



In case it becomes impossible on account of any circumstances to create a province of United Maharashtra in the manner outlined in the accompanying agreement, it is agreed that all efforts should be made for the formation of a separate province of Maha Vidarbha.

AKOLA,

8th August 47.

Sd. SHANKARRAO DEO,

Sd. BRIJLAL BIYANI.

APPENDIX V

TABLE I

Indian Provinces, Unions and some States with their Areas, Population and Revenues.

PROVINCES

	Area in Sq. Miles	Population (In lakhs)	Revenue (In lakhs of rupees)
Madras	1,26,166	4,93.42	5,519.17
Bombay	76,443	2,08.50	4,349.45
Bengal	27,748	2,12.11	1,888.26
U. P.	1,06,247	5,50.21	3,935.81
Punjab	37,058	1,26.17	682.38
Bihar	69,745	3,63.40	1,793.39
C. P. & Berar	98,575	1,08.14	1,240.41
Orissa	32,198	87.28	649.67
Assam	50,296	7,74.71	696.65

UNIONS

	Area in Sq. Miles	Population (In lakhs)	Revenue (In lakhs of rupees)
Saurashtra (217 States)	31,885	35.22	800.00
The United State of Matsya (4 States)	7,536	18.38	183.06
The United State of Vindhya Pradesh (35 States).	24,810	35.69	243.30
The United State of Rajasthan (10 States)	29,977	42.61	316.67
Gwalior-Indore Union (20 States)	46,273	71.50	776.42
Patiala and East Punjab Union (8 States)	10,119	34.24	500.00

STATES

	Area in Sq. Miles	Population	Revenue (In lakhs of rupees)
Baroda	8,235	2,855,010	395.00
Hyderabad	82,313	16,338,534	2,463.10
Jammu & Kashmir	84,471	4,021,616	386.65
Mysore	29,458	7,329,140	1,176.82
Travancore	7,662	6,070,018	611.25
Bikaner	23,181	1,292,938	222.77
Cochin	1,492	1,422,875	266.57
Jaipur	15,610	3,040,876	303.00
Jodhpur	36,120	2,555,904	224.34

TABLE II

Claimed Linguistic Units; Their Area, Population and Revenue.

Unit	Area in Sq. Miles	Population	Revenue (In lakhs of rupees)
Andhra	67,025	1,87,84,304	1,207
Kerala	5,790	39,29,425	332
Karnataka.— 4 Dts. of Bombay } 1 Dt. of Madras }	22,813	53,67,099	424
Maharashtra, Bombay & C. P.	83,968	1,81,93,208	1,582
Tamil Nad	49,276	2,43,27,084	1,848
Gujarat	10,389	40,92,713	516
Mahakosal	61,710	97,92,890	509
Maharashtra Bombay 10 Dts.	47,103	1,11,72,514	934
Mahavidarbha C. P. 8 Dts.	36,865	70,20,694	647
Madras City	30	7,77,481	460
Bombay City	30	14,89,883	1,320

FINANCIAL APPENDIX*Statement I—Statement of Revenue and Expenditure*

A—ANDHRA
B—KERALA
C—KARNATAKA
D—MAHARASHTRA

Statement II—Statement of Revenue and Expenditure by Major Heads of Account

A—ANDHRA
B—KERALA
C—KARNATAKA
D—MAHARASHTRA

Statement III—Statement of Assets and Liabilities as on 31-3-1949

- (i) Madras Presidency.
- (ii) Bombay Presidency.
- (iii) C.P. & Berar. (Not received).

STATEMENT I

**Statement of Revenue and Expenditure*

A.—ANDARA

District	REVENUE				EXPENDITURE				
	1945-46	1946-47	1947-48	Average	1945-46	1946-47	1947-48	Average	
1. Vizagapatam	1,74-70	1,88-67	2,25-34	1,96-24	1,43-29	1,76-19	1,85-22	1,68-23
2. Godavari East	1,89-80	2,13-23	2,46-60	2,16-54	1,05-84	1,27-41	1,41-89	1,25-05
3. Godavari West	1,19-35	1,60-57	1,68-88	1,49-60	68-76	78-53	93-94	80-41
4. Kistna	1,62-97	1,90-92	1,92-97	1,82-29	79-65	93-34	1,05-71	92-90
5. Guntur	1,74-83	2,01-63	1,76-03	1,84-16	1,03-97	1,26-27	1,39-97	1,23-40
6. Nollere	85-13	89-25	79-73	84-71	72-44	94-19	95-82	87-48
7. Cuddapah	53-90	53-06	44-90	50-62	52-99	66-45	68-85	62-76
8. Anantapur.	69-63	60-04	46-02	58-56	58-25	88-71	74-71	73-89
9. Bellary	82-28	72-45	59-06	71-26	67-04	84-38	84-29	78-57
10. Kurnool	92-88	73-07	58-85	74-93	61-09	73-45	77-61	70-72
11. Chittoor	67-04	61-67	45-09	57-93	59-46	92-67	79-52	77-22
TOTAL	12,72-51	13,64-56	13,43-47	13,26-84	8,72-78	11,01-59	11,47-53	10,40-63

*This does not take into account Receipts & Expenditure in Forest, P. W. & Electricity Divisions & Andhra's share of unallocated items of Revenue and Expenditure.

B.—KERALA

REVENUE				EXPENDITURE			
1945-46	1946-47	1947-48	Average	1945-46	1946-47	1947-48	Average
316.01	362.78	364.56	347.78	285.46	464.16	408.15	385.92

C.—KARNATAKA

REVENUE					EXPENDITURE				
S. No.	District	1945-46	1946-47	1947-48	Average	1945-46	1946-47	1947-48	Average
<i>Bombay Presidency—</i>									
1.	Belgaum	43,73,531	32,03,112	88,19,900	54,85,514	80,88,829	1,14,48,592	1,46,82,900	1,14,06,776
2.	Bijapur	27,74,547	25,23,578	57,46,500	36,81,542	85,71,580	1,15,56,954	2,67,74,000	2,27,15,922
3.	Dharwar	42,03,379	33,08,220	80,60,000	51,90,533	90,62,253	1,21,82,980		
4.	Kanara	16,92,248	22,98,034	26,95,100	22,28,461	48,21,920	59,03,302	77,53,700	61,59,641
<i>Madras Presidency—</i>									
5.	South Kanara	1,19,89,783	1,35,10,155	1,09,44,005	1,21,47,981	72,94,462	84,75,507	92,79,419	83,49,796
TOTAL		2,50,33,488	2,49,03,099	3,62,65,505	2,87,34,031	3,78,39,044	4,95,67,335	5,84,90,019	4,86,332,135

NOTE.—This statement does not include Receipts and Expenditure from Forests. Revenue and Expenditure from Provincial Excise have not been included in the figures for 1945-46 and 1946-47.

D. (i) 10 DISTRICTS OF BOMBAY MAHARASHTRA.

REVENUE

No.	District	1945-46	1946-47	1947-48	Average
1	Thana . . .	53,55,941	43,96,177	1,03,51,700	67,01,273
2	Ahmednagar . . .	30,86,324	37,18,928	74,27,000	47,44,084
3	E. Khandesh . . .	30,70,504	63,20,430	1,03,01,500	65,64,145
4	W. Khandesh . . .	24,22,395	41,21,455	67,63,300	44,35,717
5	Nasik . . .	50,96,969	45,94,798	97,25,100	64,72,289
6	Poona . . .	1,00,17,911	1,08,05,321	1,60,24,500	1,56,15,911
7	Satara . . .	30,91,122	38,35,961	73,81,100	47,69,394
8	Sholapur . . .	33,73,060	36,63,295	97,52,600	55,96,318
9	Ratnagiri . . .	19,69,179	24,29,540	47,18,700	30,39,139
10	Kolaba . . .	13,65,272	14,67,312	46,95,700	25,09,428
Grand Total .		3,88,48,677	4,53,53,217	9,71,41,200	6,04,47,698
11	Bombay City (including Bombay Suburbs).	6,56,06,163	6,62,30,034	13,22,82,700	8,80,39,632
Grand Total .		10,44,54,840	11,15,83,251	22,94,23,900	14,84,87,330

NOTE.—The Statement does not include Receipts and Expenditure for Forests. Revenue and Expenditure from Provincial Excise have not been included in the figures for 1945-46 and 1946-47.

EXPENDITURE

S. No.	District	1945-46	1946-47	1947-48	Average
1	Thana . . .	1,68,37,586	1,12,10,428	1,40,21,800	1,40,23,271
2	Ahmednagar . . .	67,92,106	1,02,22,873	1,29,16,900	99,77,293
3	E. Khandesh . . .	84,14,821	58,59,743	1,48,59,500	97,11,355
4	W. Khandesh . . .	47,50,237	58,73,717	1,14,64,618	73,62,857
5	Nasik . . .	77,04,222	90,45,798	1,48,41,600	1,05,30,340
6	Poona . . .	2,54,01,842	2,75,57,027	4,11,96,800	3,13,85,223
7	Satara . . .	91,30,414	80,31,368	1,40,44,300	1,04,02,027
8	Sholapur . . .	69,43,705	67,79,261	1,25,88,200	87,70,389
9	Ratnagiri . . .	63,32,571	75,23,709	1,30,19,200	89,58,493
10	Kolaba . . .	20,77,827	31,48,018	62,53,400	38,26,415
Grand Total .		9,43,85,331	9,52,51,942	15,52,06,318	11,49,47,863
11	Bombay City (including Bombay Suburbs).	5,52,36,759	7,84,58,077	7,64,07,400	7,00,34,679
Grand Total .		14,96,22,090	17,37,10,019	23,16,13,718	18,49,81,942

NOTE.—The Statement does not include Receipts and Expenditure for Forests. Revenue and Expenditure from Provincial Excise have not been included in the figures for 1945-46 and 1946-47.

(ii) 8 DISTRICTS OF C. P. MAHARASHTRA.

*REVENUE

District	1945-46	1946-47	1947-48	Average
1. Akola	60,17,693	60,27,934	63,96,017	61,47,215
2. Amroati	84,17,515	86,62,031	77,76,668	82,85,405
3. Buldana	51,80,008	53,90,854	56,61,536	54,10,799
4. Yeotmal	42,43,074	45,38,488	47,47,515	45,09,692
5. Bhandara	52,45,969	53,88,786	49,09,835	51,81,530
6. Chanda	39,47,128	57,27,479	60,99,043	52,57,883
7. Nagpur	1,30,18,280	1,20,26,561	1,37,98,609	1,29,47,817
8. Wardha	16,91,400	18,41,847	18,41,847	17,91,698
Total	4,77,61,067	4,96,03,980	5,12,31,070	4,95,32,039

*Based on the figures supplied by the A. G., C. P., and does not include Taxes on Income, Extraordinary Receipts, and Miscellaneous adjustments.

EXPENDITURE

District	1945-46	1946-47	1947-48	Average
1. Akola	46,20,824	61,30,517	72,42,484	59,97,942
2. Amroati	61,68,380	74,12,786	85,46,241	73,75,802
3. Buldana	25,85,034	32,58,831	39,70,499	32,71,455
4. Yeotmal	24,90,011	28,44,439	33,40,887	28,91,779
5. Bhandara	17,49,583	22,38,171	27,23,275	22,37,010
6. Chanda	33,87,689	35,75,677	39,01,268	36,21,545
7. Nagpur	4,64,98,106	4,52,50,622	3,12,58,228	4,10,02,319
8. Wardha	12,42,443	17,25,658	20,79,374	16,82,492
Total	6,87,42,070	7,24,36,701	6,30,62,256	6,80,80,344

STATEMENT II

Statement of Revenue and Expenditure by Major Heads of Account

A-ANDHRA

REVENUE

Years	VII. Land Revenue	VIII. Pro. Excise	IX Stamps	X Forests	XI Regis- tration	XII Receipts from M.V. Accts.	XIII Other taxes and duties	XLI Receipts from elec.	Other heads	Total
1945-46	.	.	119.13	45.87	21.04	23.50	182.07	11.89	252.91	1540.25
1946-47	.	.	137.14	35.40	22.90	34.54	208.68	13.22	502.60	1718.1
1947-48	.	.	104.80	55.50	24.62	44.86	250.41	15.32	430.37	1703.00

45

EXPENDITURE

	25. Gen. Admn.	27. Admn. of Justice	28. Jails	29. Police	37. Educa- tion	38. Medi- cal and 39 P. H.	40. Agri- 41. Vety. 42 Co-op.	43. In- dustries.	55. Pen- sions	Other heads.	Total
1945-46	.	186.57	48.13	16.96	103.75	176.34	90.96	61.88	12.72	47.17	1204.49
1946-47	.	245.39	53.71	17.83	137.62	227.41	116.55	66.84	29.03	48.96	2144.64
1947-48	.	240.93	55.35	22.86	165.24	266.93	165.73	80.16	27.45	54.57	1705.34

B-KERALA

REVENUE

	VII Land Revenue	VIII Provincial Excise	IX Stamps	X Forests	XI Regis- tration	XII Receipts from M. V. Accts.	XIII Other taxes and duties	XLI Receipts from elec. schemes	Other heads	Total
1945-46	.	.	40-82	27-12	7-62	8-69	62-98	..	68-98	316-01
1946-47	.	.	23-57	33-38	7-65	10-90	73-84	..	112-98	362-78
1947-48	.	.	47-85	39-99	7-79	15-00	80-42	..	119-19	364-56

EXPENDITURE

	25. Gen. Admn.	27. Admn. of Justice	28. Jails	29. Police	37. Edu- cation	38. Medi- cal and 39 P. H.	40. Agri. 41. Vety. 42. Co-op.	43. Indus- tries	55. Pensions	Other heads	Total
1945-46	.	19-79	12-50	3-62	25-26	64-69	19-01	5-32	21-22	14-94	285-46
1946-47	.	15-63	13-62	3-96	27-09	84-04	25-34	14-50	14-52	16-23	464-16
1947-48	.	32-17	13-38	4-76	32-34	110-42	34-62	11-62	26-88	18-32	408-15

RECEIPTS

Year	REVENUE							Total
	VII Land Revenue	VIII Provincial Excise	IX Stamps	X Forests	XII Receipts under Motor Vehicles	XIII other taxes & duties	XXIX Ag-culture	
1945-46	97.79	Not shown	29.20	Not shown	7.30	23.32	7.23	292.63
1946-47	79.41	"	31.18	"	10.96	27.24	6.67	269.93
1947-48	86.91	119.88	32.97	78.01	14.39	33.06	13.01	440.64

EXPENDITURE

Year	10 Forest	25 Gul. Adm.	27 Justice	29 Police	37. Education	38 Medical	40. Agri- culture	50. Civil works	55. Super- annuation etc.	Other heads	Totals
1945-46	..	43-28	15-09	36-85	65-65	8-8	61-18	44-51	20-86	85-35	381-58
1946-47	..	59-37	16-07	56-86	99-68	10-01	60-96	41-60	21-67	128-41	494-63
1947-48	..	54-11	18-80	70-21	134-36	28-26	40-62	47-42	22-27	152-81	638-99

D (i)—MAHARASHTRA (Bombay portion)
(including Bombay City)

RECEIPTS

Year	VII Land Revenue	VIII Provincial Excise	IX Stamps	X Forests	XIII Other Taxes & Duties	Other Heads	Totals
1945-46	.	144.09	Not supplied	Not Supplied.	362.01	366.60	10,44.53
1946-47	.	195.04	233.56	"	321.84	365.38	11,15.82
1947-48	.	230.24	286.81	110.20	730.74	327.70	22,94.23

EXPENDITURE

Year	10 Forests	25 Genl. Admn.	27 Admn. of Justice	29 Police	37 Edu- cation	38 Medical	40 Agri- culture	50 Civil works	55 Sup- erannui- ties, etc.	Other heads	Totals
1945-46	.	128.07	58.94	215.91	175.33	81.56	91.02	233.23	85.04	427.08	1496.18
1946-47	.	153.41	62.25	386.34	104.37	88.35	110.68	143.01	77.03	611.61	1737.05
1947-48	.	153.17	68.35	396.64	378.87	113.52	221.31	159.46	80.79	743.98	2317.20

D (ii)—C. P. MAHARASHTRA

REVENUE

	VII Land Revenue	VIII Excise	IX Stamps	X Forests	XIII Other Taxes and Duties	XXIII Police	Other Heads	Total				
1945-46	1,52.77	1,26.15	35.83	68.31	15.83	16.33	74.97	*4,90.19
1946-47	1,33.63	1,06.00	39.29	80.74	16.67	5.19	1,96.81	*5,77.33
194748	1,44.69	82.84	39.23	67.16	65.65	16.28	1,94.51	*6,10.36

These figures do not include Taxes on Income.

EXPENDITURE

	10 Forests	22 Interest on debt and other obliga- tions	23 Appro- priation for reduction or avoid- ance of debt	25 Gen. Admn.	27 Admn. of Justice	29 Police	37 Edu- cation	50 Civil Works	55 Superan- uation	64 A. Tr. ansfer to Revenue Reserve Develop- ment) Fund	Other Heads	Total	
1945-46	.	39.71	20.76	29.25	69.72	20.39	48.35	40.30	51.73	44.33	2,14.25	6,88.01	
1946-47	.	32.81	20.63	18.15	82.55	22.09	70.96	63.59	66.41	45.81	1,74.01	7,24.33	
1947-48	.	32.14	20.55	13.01	1,00.09	21.69	75.05	93.86	80.89	45.61	..	1,47.67	6,30.56

STATEMENT III

STATEMENT OF ASSETS AND LIABILITIES AS ON 31ST MARCH 1949

(i) Statement showing the capital liabilities and assets of the Madras Government

Details	31st March 1949 (Budget Estimate) Rs. Lakhs.
<i>Liabilities</i>	
A. BEARING INTEREST—	
(i) <i>Loans—</i>	
(a) Due to the Central Government	9,34.07
(b) Open Market Loans	15,52.73
(c) Special irredeemable loans	2.52
Total—(i) Loans	24,89.32
(ii) <i>Other liabilities—</i>	
(a) State Provident Funds	5,42.96
(b) Depreciation Reserve Funds of Commercial undertakings	6.85
Total (ii) other Liabilities	5,49.81
Total—A. Interest—bearing Liabilities	30,39.13
B. FREE OF INTEREST—	
(i) Sinking Funds	3,77.36
(ii) Famine Relief Fund	44.34
(iii) Electricity Reserve Funds	1,95.21
(iv) Deposits, Advances and Remittances	40,40.30
Total—B. Liabilities—Free of Interest	46,57.21
C. Grand Total—Liabilities	76,96.34
<i>Assets</i>	
A. ASSETS PRODUCING REVENUE—	
(i) <i>Productive—</i>	
(a) Productive Irrigation works	16,07.68
(b) Electricity Schemes	19,10.49
(c) Cinchona Plantations	1,34.80
(d) Kerala Soap Institute	3.57
(e) Industrial Engineering Workshops	1.97
(f) Hydrogenation Factory	11.70
(g) Loans advanced (due to Government)	10,48.37
(h) Shares in Private Industrial Concerns	*98.25
(i) Capital outlay on Madras City Bus Service	73.27
Total (i) Productive	48,90.10
(ii) <i>Unproductive—</i>	
(a) Unproductive irrigation works†	9,94.64
(b) Navigation Works	96.26
Total (ii) Unproductive	10,95.90
Total—D. Assets producing revenue	59,86.00

STATEMENT SHOWING THE CAPITAL LIABILITIES AND ASSETS OF THE MADRAS GOVERNMENT ^A
ON THE 31st MARCH 1949. - *Contd.*

Details	31st March 1949 (Budget Estimate)
	Rs. Lakhs.
<i>Assets--Contd.</i>	
Brought forward	59,86.00
E.- OTHER ASSETS—	
Capital outlay on civil works outside the revenue account	2,74.47
F. Securities in the sinking Fund Investment Accounts	1,84.74
G. Securities in the Famine Relief Fund	44.30
H. Securities in the Electricity Reserve Funds	1,94.54
I. Securities in the Cash Balance Investment Account	3,78.90
J. Securities in the Revenue Reserve Fund†	23,31.99
K. Closing Cash Balance	74.74
L. Grand Total—Assets	94,69.68
M. Excess of Assets over Liabilities	17,73.34

*Includes Rs. 51 lakhs in the Budget for purchase of shares of the Industrial Finance Corporation proposed to be started.

†Includes Rs. 49.62 lakhs relating to outlay on special accelerated and widespread programme of improvements to minor Irrigation Works classified under 'Capital'.

‡Purchase price of securities.

(ii) *Statement showing the capital liabilities and assets of the Bombay Government.*

Liabilities

	31st March 1949 (In thousands of Rs.)
(i) <i>Loans—</i>	
(a) Due to the Central Government	14,33.73
(b) Open Market Loans—	
(i) Loans for repayment of part of consolidated debt	10,48.23
(ii) Unclaimed Bombay Devt. Loan	98
Total Loans	24,82.94
(ii) <i>Other Liabilities—</i>	
State Provident Funds	5,14.07
Depreciation Reserve Fund of commercial undertakings	18.67
Total (ii) Other Liabilities	5,32.74
Total A.—Interest bearing liabilities	30,15.68
FREE OF INTEREST—	
(i) Famine Relief Fund	67.68
(ii) Provincial Road Fund	1,44.18
(iii) Deposits, Advances and Remittances	24,16.81
Total B.—Liabilities free of interest	26,28.67
C. Grand Total—Liabilities	56,44.35

Assets

D. ASSETS (PRODUCING REVENUE)—

(i) <i>Productive—</i>	
(a) Productive Irrigation Works	13.75
(b) Electricity Schemes	1,69.85
(c) Bombay Development Department	8,72.36
(d) Loans and advances (due to Government)	4,83.97
Total (i) Productive	15,39.93

Assets

31st March
1949

(ii) Unproductive—	
(a) Unproductive Irrigation Works	11,39,66
Total (ii) Unproductive.	11,39,66
Total D. Assets (producing revenue)	26,79,59
E. Laons due from the Bombay Municipal Corporation	7,73,69
F. Investment in Securities—	
(i) Sinking Fund Investment Account*	3,30,13†
(ii) Debt Redemption and Avoidance Fund*	10,48,45†
(iii) Investment in Treasury Bills out of Depreciation Funds of 3 per cent. Loans*.	48,00
(iv) Nasik Distillery Depreciation Fund*	16,83
(v) Bombay Famine Relief Fund‡	67,68
(vi) Securities in the Cash Balance Investment Account‡	10,99,68
Total Assets E & F.	33,84,46
K. CLOSING CASH BALANCE—	
Central Road Fund	6,12
Provincial Road Fund	1,44,18
Press Depreciation Reserve Fund	15
Nasik Distillery Depreciation Fund	1,23
Other Accounts (Grant for Specific purposes)	8,10
Balance with the Reserve Bank and Treasuries	41,00
Capital Expenditure met from balance	—29,72
Other debt heads (excluding Civil Deposits and Advances Repayable)	4,42
Civil Deposits	4,05,19
Advances Repayable	—58,10
Special Development Fund	2,18,52
Post War Reconstruction Fund	16,10,00
Free balance	8,22,45
Total Assets K \$	31,73,54
L. Grand Total of Assets	92,37,59
M. Excess of Assets over Liabilities	35,93,24

(iii) C. P. & Berar—

No Statement of Assets and Liabilities was received from the Government of C. P. & Berar.

*Face value.

†These are face values on 31st October 1948.

‡Purchase Price.

§ A major portion of this is invested in three-monthly treasury bills of the Government of Indir.